

COWEN GROUP, INC.  
Form 424B3  
May 05, 2011

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Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-173223

### MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

LaBranche & Co Inc. (which we refer to as LaBranche) and Cowen Group, Inc. (which we refer to as Cowen) have entered into an Agreement and Plan of Merger, dated as of February 16, 2011 (which we refer to as the merger agreement). Pursuant to the terms of the merger agreement, a wholly owned subsidiary of Cowen will merge with and into LaBranche (which we refer to as the merger). Immediately thereafter, Cowen will cause LaBranche to be merged with and into Louisiana Merger Sub, LLC, a wholly owned subsidiary of Cowen (which we refer to as Merger Sub LLC).

Upon completion of the merger, LaBranche stockholders will receive 0.9980 shares of Cowen Class A common stock for each share of LaBranche common stock that they own (which we refer to as the exchange ratio). This exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to the closing of the merger. Based on the closing price of Cowen Class A common stock on the NASDAQ Global Select Market on February 16, 2011, the last trading day before public announcement of the merger, the exchange ratio represented approximately \$4.71 in value for each share of LaBranche common stock. Based on the closing price of Cowen Class A common stock on May 3, 2011, the latest practicable trading day before the date of this joint proxy statement/prospectus, the exchange ratio represented approximately \$4.00 in value for each share of LaBranche common stock. Cowen stockholders will continue to own their existing Cowen shares. LaBranche common stock is currently traded on the New York Stock Exchange under the symbol "LAB," and Cowen Class A common stock is currently traded on the NASDAQ Global Select Market under the symbol "COWN." **We urge you to obtain current market quotations of LaBranche common stock and Cowen Class A common stock.**

We intend for the merger and the related transactions, taken together, to qualify as a reorganization for U.S. federal income tax purposes. Accordingly, LaBranche stockholders are not expected to recognize any gain or loss for U.S. federal income tax purposes upon the exchange of shares of LaBranche common stock for shares of Cowen Class A common stock pursuant to the merger, except with respect to cash received in lieu of fractional shares of Cowen Class A common stock.

Based on the estimated number of shares of LaBranche and Cowen common stock that will be outstanding immediately prior to the closing of the merger, we estimate that, upon closing, existing Cowen stockholders will own approximately 64.5% of Cowen and former LaBranche stockholders will own approximately 35.5% of Cowen.

LaBranche and Cowen will each hold special meetings of their respective stockholders in connection with the proposed merger. At the special meeting of Cowen stockholders, Cowen stockholders will be asked to vote on the proposal to approve the issuance of shares of Cowen Class A common stock to LaBranche stockholders pursuant to the merger. The proposal to issue shares of Cowen Class A common stock will be approved if the holders of a majority of the outstanding shares of Cowen capital stock present in person or represented by proxy at the Cowen special meeting and entitled to vote on the proposal vote to approve the share issuance. At the special meeting of LaBranche stockholders, LaBranche stockholders will be asked to vote on the proposal to approve and adopt the merger agreement and approve the merger. The proposal to approve and adopt the merger agreement and approve the merger will be approved if the holders of a majority of the outstanding shares of LaBranche common stock entitled to vote on the proposal vote to approve and adopt the merger agreement and approve the merger.

We cannot complete the merger unless the stockholders of each company approve the proposals made by each company as described above. **Your vote is very important, regardless of the number of shares you own. Whether or not you expect to attend either special meeting in person, please submit a proxy to vote your shares as promptly as possible so that your shares may be represented and voted at the LaBranche or Cowen special meeting, as applicable.**

The LaBranche board of directors has unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of LaBranche and its stockholders. The LaBranche board of directors unanimously recommends that the LaBranche stockholders vote "FOR" the proposal to approve and adopt the merger agreement and approve the merger.

The Cowen board of directors has unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the issuance of shares of Cowen Class A common stock to LaBranche stockholders pursuant to the merger, are in the best interests of Cowen and its stockholders. The Cowen board of directors unanimously recommends that the Cowen stockholders vote "FOR" the proposal to approve the issuance of shares of Cowen Class A common stock to LaBranche stockholders pursuant to the merger.

The obligations of LaBranche and Cowen to complete the merger are subject to the satisfaction or waiver of several conditions. The accompanying joint proxy statement/prospectus contains detailed information about LaBranche, Cowen, the special meetings, the merger agreement and the merger. **You should read this joint proxy statement/prospectus carefully and in its entirety before voting, including the section entitled "Risk Factors" beginning on page 37.**

We look forward to the successful completion of the merger.

Sincerely,

George M.L. LaBranche, IV  
*Chairman, Chief Executive Officer and President*  
LaBranche & Co Inc.

Peter A. Cohen  
*Chairman and Chief Executive Officer*  
Cowen Group, Inc.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this joint proxy statement/prospectus or determined if this joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

This joint proxy statement/prospectus is dated May 4, 2011 and is first being mailed to LaBranche and Cowen stockholders on or about May 6, 2011.

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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

To the Stockholders of LaBranche & Co Inc.:

You are cordially invited to attend the special meeting of stockholders of LaBranche & Co Inc. (which we refer to as LaBranche), which will be held at the Down Town Association, 60 Pine Street, New York, New York 10005 on June 15, 2011, at 9:00 a.m., local time, for the following purposes:

to consider and vote on the proposal to approve and adopt the Agreement and Plan of Merger, dated as of February 16, 2011 by and among Cowen Group, Inc., a Delaware corporation (which we refer to as Cowen), LaBranche and Louisiana Merger Sub, Inc., a Delaware corporation and a direct wholly-owned subsidiary of Cowen (which we refer to as the merger agreement), a copy of which is included as Annex A to the joint proxy statement/prospectus accompanying this notice, and approve the merger contemplated thereby; and

to vote upon the proposal to adjourn the LaBranche special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the foregoing proposal.

LaBranche will transact no other business at the special meeting except such business as may properly be brought before the special meeting or any adjournment or postponement thereof. Please refer to the joint proxy statement/prospectus of which this notice forms a part for further information with respect to the business to be transacted at the LaBranche special meeting.

**The LaBranche board of directors has unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of LaBranche and its stockholders. The LaBranche board of directors unanimously recommends that LaBranche stockholders vote "FOR" the proposal to approve and adopt the merger agreement and approve the merger and "FOR" the proposal to adjourn the LaBranche special meeting if necessary to solicit additional proxies in favor of such adoption.**

The LaBranche board of directors has fixed the close of business on May 4, 2011 as the record date for determination of LaBranche stockholders entitled to receive notice of, and to vote at, the LaBranche special meeting or any adjournments or postponements thereof. Only holders of record of LaBranche common stock at the close of business on the record date are entitled to receive notice of, and to vote at, the LaBranche special meeting. Approval and adoption of the merger agreement and approval of the merger requires the affirmative vote of holders of a majority of the outstanding shares of LaBranche common stock. A list of the names of LaBranche stockholders of record will be available for inspection for any purpose germane to the special meeting during ordinary business hours at LaBranche's headquarters located at LaBranche & Co Inc., 33 Whitehall Street, New York, NY 10004, for ten days prior to the LaBranche special meeting. The LaBranche stockholder list will also be available at the LaBranche special meeting for examination by any stockholder present at such meeting.

All stockholders are invited to attend the special meeting in person. However, whether or not you plan to attend the special meeting in person, you are urged to vote by any of the three methods below:

- (1) By internet: go to [www.proxyvote.com](http://www.proxyvote.com) have your proxy card available when you access the web site and follow the instructions to obtain your records and vote;

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- (2) By phone: call toll-free number for telephone voting can be found on the enclosed proxy card; or
- (3) By mail: complete and return the enclosed proxy card in the postage prepaid envelope provided.

If your shares are held in the name of a broker, bank or other stockholder of record, please follow the voting instructions that you receive from the stockholder of record entitled to vote your shares. Stockholders who attend the special meeting may revoke their proxy and vote their shares in person.

The enclosed joint proxy statement/prospectus provides a detailed description of the merger and the merger agreement. We urge you to read this joint proxy statement/prospectus, including any documents incorporated by reference, and the Annexes carefully and in their entirety. If you have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies or need help voting your shares of LaBranche common stock, please contact LaBranche's proxy solicitor:

**Morrow & Co., LLC**  
470 West Avenue  
Stamford, Connecticut 06902  
(888) 681-0976 (toll free)  
(203) 658-9400  
Labranche.info@morrowco.com

By Order of the Board of Directors of LaBranche & Co Inc.,

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Stephen H. Gray  
*Secretary*

New York, New York  
May 4, 2011

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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

To the Stockholders of Cowen Group, Inc.:

We are pleased to invite you to attend the special meeting of stockholders of Cowen Group, Inc. (which we refer to as Cowen) which will be held at The InterContinental The Barclay, Park Avenue Room, 111 East 48th Street, New York, New York 10017 on June 15, 2011, at 3:00 p.m., local time, to consider and vote on the following:

a proposal to approve the issuance of shares of Cowen Class A common stock to LaBranche & Co Inc. (which we refer to as LaBranche) stockholders (which we refer to as the Cowen stock issuance) pursuant to the merger (which we refer to as the merger) as contemplated by the Agreement and Plan of Merger, dated as of February 16, 2011, by and among LaBranche, Cowen and Louisiana Merger Sub, Inc., a wholly owned subsidiary of Cowen (which we refer to as the merger agreement), a copy of which is included as Annex A to the joint proxy statement/prospectus of which this notice forms a part; and

a proposal to adjourn the Cowen special meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the foregoing proposal.

Cowen will transact no other business at the special meeting except such business as may properly be brought before the special meeting or any adjournment or postponement thereof. Please refer to the joint proxy statement/prospectus of which this notice forms a part for further information with respect to the business to be transacted at the special meeting.

Completion of the merger is conditioned on, among other things, approval of the Cowen stock issuance.

**The Cowen board of directors has unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the Cowen stock issuance, are in the best interests of Cowen and its stockholders. The Cowen board of directors unanimously recommends that Cowen stockholders vote "FOR" the proposal to approve the Cowen stock issuance and "FOR" the proposal to adjourn the Cowen special meeting, if necessary, to solicit additional proxies.**

The Cowen board of directors has fixed the close of business on May 4, 2011 as the record date for determination of Cowen stockholders entitled to receive notice of, and to vote at, the Cowen special meeting or any adjournments or postponements thereof. Only Cowen stockholders of record at the close of business on the record date are entitled to receive notice of, and to vote at, the Cowen special meeting. The Cowen stock issuance requires the affirmative vote of holders of a majority of the outstanding shares of Cowen Class A common stock present in person or represented by proxy at the Cowen special meeting and entitled to vote on the proposal. A list of the names of Cowen stockholders of record will be available for ten days prior to the Cowen special meeting for any purpose germane to the special meeting between the hours of 9:00 a.m. and 5:00 p.m., local time, at Cowen's headquarters, 599 Lexington Avenue, New York, NY 10022. The Cowen stockholder list will also be available at the Cowen special meeting for examination by any stockholder present at such meeting.

**Your vote is very important. For your convenience, in addition to submitting a proxy to vote your shares by signing and returning the enclosed proxy card in the postage-paid envelope provided, we have also made telephone and internet voting available to you. Simply follow the instructions on the enclosed proxy card. If your shares are held in a 401(k) plan or in the name of a bank, broker or**

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**other fiduciary, please follow the instructions on the voting instruction card furnished by the plan trustee or administrator, or record holder, as appropriate.**

The enclosed joint proxy statement/prospectus provides a detailed description of the merger and the merger agreement as well as a description of the Cowen stock. We urge you to read this joint proxy statement/prospectus, including any documents incorporated by reference, and the Annexes carefully and in their entirety. If you have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies or need help voting your shares of Cowen Class A common stock, please contact Cowen's proxy solicitor:

**MacKenzie Partners, Inc.**  
105 Madison Avenue  
New York, NY 10016  
Call Collect: (212) 929-5500  
or  
Toll Free: (800) 322-2885

By Order of the Board of Directors of  
Cowen Group, Inc.,

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Owen S. Littman  
*General Counsel and Secretary*

New York, New York  
May 4, 2011

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**REFERENCES TO ADDITIONAL INFORMATION**

This joint proxy statement/prospectus incorporates important business and financial information about LaBranche and Cowen from documents that are not included in or delivered with this joint proxy statement/prospectus. **This information is available to you without charge upon your request. You can obtain the documents incorporated by reference into this joint proxy statement/prospectus free of charge by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:**

**LaBranche & Co Inc.  
33 Whitehall Street  
New York, New York 10004  
(212) 425-1144**

**Attn: Stephen H. Gray, General Counsel  
and Secretary**

**Cowen Group, Inc.  
599 Lexington Avenue, 20th Floor  
New York, New York 10022  
(212) 845-7900**

**Attn: Owen S. Littman, General Counsel and Secretary  
Peter Poillon, Head of Investor Relations and Corporate  
Communications**

**If you would like to request any documents, please do so by June 6, 2011 in order to receive them before the special meetings.**

For a more detailed description of the information incorporated by reference in this joint proxy statement/prospectus and how you may obtain it, see "Where You Can Find More Information" beginning on page 143.

**ABOUT THIS JOINT PROXY STATEMENT/PROSPECTUS**

This joint proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed with the U.S. Securities and Exchange Commission (which we refer to as the SEC) by Cowen, constitutes a prospectus of Cowen under the Securities Act of 1933, as amended (which we refer to as the Securities Act), with respect to the shares of Cowen Class A common stock to be issued to LaBranche stockholders pursuant to the merger. This joint proxy statement/prospectus also constitutes a joint proxy statement for both LaBranche and Cowen under the Securities Exchange Act of 1934, as amended (which we refer to as the Exchange Act). It also constitutes a notice of meeting with respect to the special meeting of Cowen stockholders and a notice of meeting with respect to the special meeting of LaBranche stockholders.

You should rely only on the information contained in or incorporated by reference into this joint proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this joint proxy statement/prospectus. This joint proxy statement/prospectus is dated May 4, 2011, and you should assume that the information contained in this joint proxy statement/prospectus is accurate only as of such date. You should assume that the information incorporated by reference into this joint proxy statement/prospectus is only accurate as of the date of such information. Neither the mailing of this joint proxy statement/prospectus to LaBranche stockholders or Cowen stockholders nor the issuance by Cowen of shares of Class A common stock pursuant to the merger will create any implication to the contrary.

**This joint proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this joint proxy statement/prospectus regarding LaBranche has been provided by LaBranche and information contained in this joint proxy statement/prospectus regarding Cowen has been provided by Cowen.**

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All references in this joint proxy statement/prospectus to "LaBranche" refer to LaBranche & Co Inc., a Delaware corporation; all references in this joint proxy statement/prospectus to "Cowen" refer to Cowen Group, Inc., a Delaware corporation; all references to "Merger Sub" refer to Louisiana Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of Cowen formed for the purpose of effecting the merger; all references to "Merger Sub LLC" refer to Louisiana Merger Sub, LLC, a Delaware limited liability company and wholly owned subsidiary of Cowen formed for the purpose of effecting the transactions contemplated by the merger agreement, and, unless otherwise indicated or as the context requires, all references to the "merger agreement" refer to the Agreement and Plan of Merger, dated as of February 16, 2011, by and among LaBranche, Cowen and Merger Sub, a copy of which is included as Annex A to this joint proxy statement/prospectus.



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**QUESTIONS AND ANSWERS**

*The following are some questions that you, as a stockholder of Cowen or a stockholder of LaBranche, may have regarding the merger, the Cowen stock issuance and the other matters being considered at the special meetings and the answers to those questions. LaBranche and Cowen urge you to carefully read the remainder of this joint proxy statement/prospectus because the information in this section does not provide all the information that might be important to you with respect to the merger, the Cowen stock issuance and the other matters being considered at the special meetings. Additional important information is also contained in the Annexes to and the documents incorporated by reference into this joint proxy statement/prospectus.*

**Q: Why am I receiving this joint proxy statement/prospectus?**

A:

You are receiving this document because you were a stockholder of record of LaBranche or Cowen on the record date for the LaBranche special meeting or the Cowen special meeting, respectively. LaBranche and Cowen have agreed to a merger pursuant to the terms of the merger agreement that is described in this joint proxy statement/prospectus. A copy of the merger agreement is included in this joint proxy statement/prospectus as Annex A.

In order to complete the merger, among other things:

LaBranche stockholders must approve and adopt the merger agreement and approve the merger; and

Cowen stockholders must approve the issuance of shares of Cowen Class A common stock to LaBranche stockholders pursuant to the merger;

LaBranche and Cowen will hold separate special meetings of their respective stockholders to obtain these approvals. This joint proxy statement/prospectus, including its Annexes, contains and incorporates by reference important information about Cowen and LaBranche, the merger, the Cowen stock issuance and the stockholder meetings of Cowen and LaBranche. You should read all the available information carefully and in its entirety. The enclosed proxy card and instructions allow you to vote your shares without attending the special meeting in person.

Your vote is important. You are encouraged to vote as soon as possible.

**Q: What will I receive in the merger?**

A:

*LaBranche Stockholders:* If the merger is completed, holders of LaBranche common stock will receive 0.9980 shares of Cowen Class A common stock for each share of LaBranche common stock they hold at the effective time of the merger. LaBranche stockholders will not receive any fractional shares of Cowen Class A common stock in the merger. Instead, Cowen will pay cash in lieu of any fractional shares of Cowen Class A common stock that a LaBranche stockholder would otherwise have been entitled to receive.

*Cowen Stockholders:* If the merger is completed, Cowen stockholders will not receive any merger consideration and will continue to hold their shares of Cowen Class A common stock.

**Q: What is the value of the merger consideration?**

A:

Because Cowen will issue 0.9980 shares of Cowen Class A common stock in exchange for each share of LaBranche common stock, the value of the merger consideration that LaBranche stockholders receive will depend on the price per share of Cowen Class A common stock at the effective time of the merger. That price will not be known at the time of the special meetings and may be less than the current price or the price at the time of the special meetings. Based on the closing price of Cowen Class A common stock on the NASDAQ Global Select Market on



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February 16, 2011, the last trading day before public announcement of the merger, the exchange ratio represented approximately \$4.71 in value for each share of LaBranche common stock, which had a closing price of \$4.06 per share on February 16, 2011. Based on the closing price of Cowen Class A common stock on May 3, 2011, the latest practicable trading day before the date of this joint proxy statement/prospectus, the exchange ratio represented approximately \$4.00 in value for each share of LaBranche common stock, which had a closing price of \$3.92 per share on May 3, 2011, the latest practicable trading day before the date of this joint proxy statement/prospectus. Cowen stockholders will continue to own their existing Cowen shares. Cowen Class A common stock is currently traded on the NASDAQ Global Select Market under the symbol "COWN," and LaBranche common stock is currently traded on the New York Stock Exchange under the symbol "LAB." We urge you to obtain current market quotations of Cowen Class A common stock and LaBranche common stock.

**Q: Can I attend the special meeting and vote my shares in person?**

A:

Yes. If you are a LaBranche or Cowen stockholder of record, you may vote your shares in person at the applicable meeting by completing a ballot at the meeting. Even if you currently plan to attend the meeting, it is recommended that you also submit your proxy as described above, so your vote will be counted if you later decide not to attend the meeting. If you submit your vote by proxy and later decide to vote in person at the meeting, the vote you submit at the meeting will override your proxy vote. If you are a street name holder, you may vote your shares in person at the meeting only if you obtain and bring to the meeting a signed letter or other form of proxy from your broker, bank, trust company or other nominee giving you the right to vote the shares at the meeting.

**Q: How can I attend the meeting?**

A:

*LaBranche Stockholders:* All of LaBranche's stockholders are invited to attend the LaBranche special meeting. You may be asked to present valid photo identification, such as a driver's license or passport, before being admitted to the meeting. If you hold your shares in street name, you also may be asked to present proof of ownership to be admitted to the meeting. A brokerage statement or letter from your broker, bank, trust company or other nominee proving ownership of the shares on May 4, 2011, the record date for the LaBranche special meeting, are examples of proof of ownership.

To help LaBranche plan for the meeting, please indicate whether you expect to attend by responding affirmatively when prompted during internet or telephone voting or by marking the attendance box on the proxy card.

*Cowen Stockholders:* All of Cowen's stockholders are invited to attend the Cowen special meeting. You may be asked to present valid photo identification, such as a driver's license or passport, before being admitted to the meeting. If you hold your shares in street name, you also may be asked to present proof of ownership to be admitted to the meeting. A brokerage statement or letter from your broker, bank, trust company or other nominee proving ownership of the shares on May 4, 2011, the record date for the Cowen special meeting, are examples of proof of ownership.

To help Cowen plan for the meeting, please indicate whether you expect to attend by responding affirmatively when prompted during internet or telephone voting or by marking the attendance box on the proxy card.

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**Q: When and where will the special stockholders meetings be held?**

A:

*LaBranche Stockholders:* The special meeting of LaBranche stockholders will be held at the Down Town Association, 60 Pine Street, New York, New York 10005 on June 15, 2011, at 9:00 a.m., local time.

*Cowen Stockholders:* The special meeting of Cowen stockholders will be held at The InterContinental The Barclay, Park Avenue Room, 111 East 48th Street, New York, New York 10017 on June 15, 2011, at 3:00 p.m., local time.

**Q: Who is entitled to vote at the special stockholders meetings?**

A:

*LaBranche Stockholders:* The board of directors of LaBranche has set May 4, 2011 as the record date for the LaBranche special meeting. If you were a stockholder of record of outstanding shares of LaBranche common stock at the close of business on May 4, 2011, you are entitled to vote at the meeting. As of the record date, 40,931,997 shares of LaBranche's common stock were outstanding.

*Cowen Stockholders:* The board of directors of Cowen has set May 4, 2011 as the record date for the Cowen special meeting. If you were a stockholder of record of outstanding shares of Cowen Class A common stock at the close of business on May 4, 2011, you are entitled to vote at the meeting. As of the record date, 75,665,037 shares of Cowen's Class A common stock, representing all of Cowen's voting stock, were issued and outstanding and, therefore, eligible to vote at the meeting.

**Q: What constitutes a quorum at the special stockholders meetings?**

A:

*LaBranche Stockholders:* Stockholders who hold shares representing at least a majority of the issued and outstanding stock entitled to vote at the LaBranche special meeting must be present in person or represented by proxy to constitute a quorum for the transaction of business at the LaBranche special meeting.

*Cowen Stockholders:* Stockholders who hold shares representing at least a majority of the issued and outstanding shares entitled to vote at the Cowen special meeting must be present in person or represented by proxy to constitute a quorum for the transaction of business at the Cowen special meeting.

**Q: What does it mean if I receive more than one set of proxy materials?**

A:

If you receive more than one set of proxy materials or multiple control numbers for use in submitting your proxy, it means that you hold shares registered in more than one account. To ensure that all of your shares are voted, sign and return each proxy card or voting instruction card you receive or, if you submit your proxy by internet or telephone, vote once for each card or control number you receive.

**Q: How do I vote if I am a stockholder of record?**

A:

*LaBranche Stockholders.* If you are a stockholder of record of LaBranche as of the close of business on the record date for the LaBranche special meeting, you may vote in person by attending the LaBranche special meeting or, to ensure your shares are represented at the LaBranche special meeting, you may authorize a proxy to vote by:

accessing the internet site listed on the proxy card;

calling the toll-free number listed on the proxy card; or

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signing and returning the enclosed proxy card by mail.

If you hold LaBranche shares in street name you can vote your shares in the manner prescribed by your broker, bank, trust company or other nominee. Your broker, bank, trust company or other nominee has enclosed or otherwise provided a voting instruction card for you to use in directing such broker, bank, trust company or other nominee how to vote your shares. Without instructions from you, your broker, bank, trust company or other nominee cannot vote your shares, which will have the effect described below.

*Cowen Stockholders.* If you are a stockholder of record of Cowen as of the close of business on the record date for the Cowen special meeting, you may vote in person by attending the Cowen special meeting or, to ensure your shares are represented at the Cowen special meeting, you may authorize a proxy to vote by:

accessing the internet site listed on the proxy card;

calling the toll-free number listed on the proxy card; or

signing and returning the enclosed proxy card by mail.

If you hold Cowen shares in street name, you can vote your shares in the manner prescribed by your broker, bank, trust company or other nominee. Your broker, bank, trust company or other nominee has enclosed or otherwise provided a voting instruction card for you to use in directing such broker, bank, trust company or other nominee how to vote your shares. Without instructions from you, your broker, bank, trust company or other nominee cannot vote your shares, which will have the effect described below.

**Q: What are my voting rights?**

A:

*LaBranche Stockholders:* Holders of LaBranche common stock are entitled to one vote per share. As of the close of business on the record date for the LaBranche special meeting, a total of 40,931,997 votes are entitled to be cast at the LaBranche special meeting.

*Cowen Stockholders:* Holders of Cowen's Class A common stock are entitled to one vote per share. As of the close of business on the record date for the Cowen special meeting, a total of 75,665,037 votes are entitled to be cast at the Cowen special meeting.

**Q: What vote is required to approve each proposal?**

A:

*LaBranche Stockholders:* Approval and adoption of the merger agreement and approval of the merger requires the affirmative vote of holders of a majority of the outstanding shares of LaBranche common stock. Approval of the proposal to adjourn the LaBranche special meeting, if necessary, to solicit additional proxies requires the affirmative vote of holders of a majority of the outstanding shares of LaBranche common stock present in person or represented by proxy at the LaBranche special meeting and entitled to vote, even if less than a quorum. Each of George M.L. LaBranche, IV (Chairman, Chief Executive Officer and President of LaBranche), Alfred O. Hayward, Jr. (Executive Vice President of LaBranche) and William J. Burke, III (Chief Operating Officer of LaBranche) has entered into an agreement with Cowen to vote all shares of LaBranche common stock owned by that individual at the time of the LaBranche special meeting in favor of approval and adoption of the merger agreement and approval of the merger. In addition, Messrs. LaBranche and Hayward have agreed to direct the parties to that certain Stockholders' Agreement, effective August 18, 1999 (which we refer to as the LaBranche stockholders' agreement), by and among LaBranche and certain LaBranche stockholders, to vote all of their shares in favor of approval and adoption of the merger agreement and approval of the merger. Collectively, at the close of business for the record date for the LaBranche special meeting,

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Messrs. LaBranche, Burke and Hayward and the other LaBranche stockholders party to the LaBranche stockholders' agreement held approximately 14.7% of the outstanding shares of LaBranche common stock.

*Cowen Stockholders:* The Cowen stock issuance requires the affirmative vote of holders of a majority of the outstanding shares of Cowen Class A common stock present in person or represented by proxy at the Cowen special meeting and entitled to vote on the proposal. Approval of the proposal to adjourn the Cowen special meeting, if necessary, to solicit additional proxies requires the affirmative vote of holders of a majority of the outstanding shares of Cowen Class A common stock present in person or represented by proxy at the Cowen special meeting, even if less than a quorum. RCG Holdings LLC (which we refer to as RCG) has entered into an agreement with LaBranche to vote all shares of Cowen Class A common stock owned by RCG at the time of the Cowen special meeting in favor of the Cowen stock issuance. At the close of business for the record date of the Cowen special meeting, RCG held approximately 43.1% of the issued and outstanding Cowen Class A common stock.

**Q: How does the LaBranche board of directors recommend that LaBranche stockholders vote?**

A:

The LaBranche board of directors has unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable and in the best interests of LaBranche and its stockholders. The LaBranche board of directors unanimously recommends that LaBranche stockholders vote "FOR" the proposal to approve and adopt the merger agreement and approve the merger and "FOR" the proposal to adjourn the LaBranche special meeting, if necessary, to solicit additional proxies.

**Q: How does Cowen's board of directors recommend that Cowen stockholders vote?**

A:

The Cowen board of directors has unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the Cowen stock issuance, are in the best interests of Cowen and its stockholders. Cowen's board of directors unanimously recommends that Cowen stockholders vote "FOR" the proposal to approve the Cowen stock issuance and "FOR" the proposal to adjourn the Cowen special meeting, if necessary, to solicit additional proxies.

**Q: What is the difference between a stockholder of record and a "street name" holder?**

A:

If your shares are registered directly in your name, you are considered the stockholder of record with respect to those shares. If your shares are held in a stock brokerage account or by a bank, trust company or other nominee, then the broker, bank, trust company or other nominee is considered to be the stockholder of record with respect to those shares, while you are considered the beneficial owner of those shares. In the latter case, your shares are said to be held in "street name."

**Q: My shares are held in "street name" by my broker, bank or other nominee. Will my broker, bank or other nominee automatically vote my shares for me?**

A:

No. Your broker cannot vote your shares on "non-routine" matters, as described below in the section titled "What will happen if I return my proxy card without indicating how to vote," without instructions from you. You should instruct your broker as to how to vote your shares, following the directions your broker provides to you. Please check the voting form used by your broker. If you do not provide your broker with instructions and your broker submits an unvoted proxy, your shares will be counted for purposes of determining a quorum but they will not be voted on any proposal on which your broker, bank or other nominee does not have discretionary authority. This



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is often called a "broker non-vote." Please note that you may not vote shares held in street name by returning a proxy card directly to LaBranche or Cowen or by voting in person at your special meeting unless you first obtain a proxy from your broker, bank or other nominee.

**Q: What will happen if I fail to vote or I abstain from voting?**

A:

*LaBranche Stockholders:* If you do not vote, it will be more difficult for LaBranche to obtain the necessary quorum to approve and adopt the merger agreement and approve the merger.

You may vote "FOR," "AGAINST" or "ABSTAIN" on each of the proposals. An abstention and a broker non-vote will be counted for purposes of determining a quorum. However, if you are the stockholder of record, and you fail to vote by proxy or by ballot at the special meeting, your shares will not be counted for purposes of determining a quorum. Abstentions, failures to submit a proxy card or vote in person and broker non-votes will be treated in the following manner with respect to determining the votes received for each of the proposals:

an abstention, failure to submit a proxy card or vote in person or a broker non-vote will be treated as a vote "AGAINST" the proposal to approve and adopt the merger agreement and approve the merger;

an abstention will be treated as a vote "AGAINST" the proposal to approve any adjournment of the LaBranche special meeting; and

a failure to submit a proxy card or vote in person or a broker non-vote will have no effect on the proposal to approve any adjournment of the LaBranche special meeting.

*Cowen Stockholders:* If you do not vote, it will be more difficult for Cowen to obtain the necessary quorum to approve the Cowen stock issuance.

You may vote "FOR," "AGAINST" or "ABSTAIN" on each of the proposals. An abstention and a broker non-vote will be counted for purposes of determining a quorum. However, if you are the stockholder of record, and you fail to vote by proxy or by ballot at the special meeting, your shares will not be counted for purposes of determining a quorum. Abstentions, failures to submit a proxy card or vote in person and broker non-votes will be treated in the following manner with respect to determining the votes received for each of the proposals:

an abstention will be treated as a vote "AGAINST" the proposal to approve the Cowen stock issuance and the proposal to approve any adjournment of the Cowen special meeting;

a failure to submit a proxy card or vote in person or a broker non-vote will have no effect on the proposal to approve the Cowen stock issuance; and

a failure to submit a proxy card or vote in person or a broker non-vote will have no effect on the proposal to approve any adjournment of the Cowen special meeting.

**Q: What will happen if I return my proxy card without indicating how to vote?**

A: *LaBranche Stockholders:* If you are a stockholder of record and you submit your proxy by internet, telephone or mail but do not specify how you want to vote your shares on a particular proposal, LaBranche will vote your shares:

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**FOR** the proposal to approve and adopt the merger agreement and approve the merger; and

**FOR** the proposal to approve any adjournment of the LaBranche special meeting, if necessary, to solicit additional proxies.

If you are a street name holder and fail to instruct the broker, bank, trust company or other nominee that is the stockholder of record how you want to vote your shares on a particular

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proposal, those shares are considered to be "uninstructed." Stockholders of record have the discretion to vote uninstructed shares on specified routine matters, and do not have the authority to vote uninstructed shares on non-routine matters, such as the proposal to approve and adopt the merger agreement and approve the merger and the proposal to adjourn the LaBranche special meeting.

*Cowen Stockholders:* If you are a stockholder of record and you submit your proxy by internet, telephone or mail but do not specify how you want to vote your shares on a particular proposal, Cowen will vote your shares:

**FOR** the proposal to approve the Cowen stock issuance; and

**FOR** the proposal to approve any adjournment of the Cowen special meeting, if necessary, to solicit additional proxies. If you are a street name holder and fail to instruct the broker, bank, trust company or other nominee that is the stockholder of record how you want to vote your shares on a particular proposal, those shares are considered to be "uninstructed." Stockholders of record have the discretion to vote uninstructed shares on specified routine matters, and do not have the authority to vote uninstructed shares on non-routine matters, such as the proposal to approve the Cowen stock issuance and the proposal to adjourn the Cowen special meeting.

**Q: Can I change my vote or revoke my proxy after I have returned a proxy or voting instruction card?**

A:

Yes. If you are the holder of record of either LaBranche or Cowen common stock, you can change your vote or revoke your proxy at any time before your proxy is voted at your special meeting. You can do this in one of four ways:

by submitting a later-dated proxy by internet or telephone before the deadline stated on the enclosed proxy card;

by submitting a later-dated proxy card;

by sending a written notice of revocation to the Corporate Secretary of LaBranche or Cowen, as applicable, which must be received before the time of such special meeting; or

by voting in person at the special meeting.

If you are a street name holder, please refer to the voting instructions provided to you by your broker, bank, trust company or other nominee.

Any LaBranche common stockholder or Cowen common stockholder entitled to vote in person at the LaBranche or Cowen special meeting, respectively, may vote in person regardless of whether a proxy has been previously given, but simply attending such special meeting will not constitute revocation of a previously given proxy.

**Q: Who pays for the cost of proxy preparation and solicitation?**

A:

In accordance with the terms of the merger agreement, LaBranche will bear the entire cost of proxy solicitation for the LaBranche special meeting, Cowen will bear the entire cost of proxy solicitation for the Cowen special meeting, and LaBranche and Cowen will share equally all expenses incurred in connection with the filing of the registration statement of which this document forms a part with the SEC and the printing and mailing of this document.

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**Q: Will LaBranche be required to submit the merger agreement to its stockholders even if LaBranche's board of directors has withdrawn (or amended or modified in a manner adverse to Cowen) its recommendation?**

A:

Yes, unless LaBranche terminates the merger agreement and, concurrently, it enters into a definitive agreement with respect to a superior proposal (after complying with its obligations with respect to non-solicitation) and pays Cowen a termination fee of \$6,250,000. For more information regarding the ability of LaBranche to terminate the merger in accordance with these conditions, see the sections entitled "The Merger Agreement Termination of the Merger Agreement" beginning on page 106 and "The Merger Agreement Termination Fees and Expenses; Liability for Breach," beginning on page 108.

**Q: Will Cowen be required to submit the Cowen stock issuance to its stockholders even if Cowen's board of directors has withdrawn (or amended or modified in a manner adverse to LaBranche) its recommendation?**

A:

Yes. Cowen is required to submit the Cowen stock issuance to its stockholders even if Cowen's board of directors has withdrawn (or amended or modified in a manner adverse to LaBranche) its recommendation, consistent with the terms of the merger agreement.

**Q: What are the material U.S. federal income tax consequences of the merger to U.S. holders of LaBranche common stock?**

A:

The merger and the related transactions, taken together, are intended to be treated for U.S. federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (which we refer to as the Code). Assuming the merger and the related transactions, taken together, qualify as a reorganization, a holder of LaBranche common stock generally will not recognize any gain or loss for U.S. federal income tax purposes upon the exchange of the holder's shares of LaBranche common stock for shares of Cowen Class A common stock pursuant to the merger, except with respect to cash received in lieu of fractional shares. You should read the section titled "Material U.S. Federal Income Tax Consequences" beginning on page 112 for a more complete discussion of the U.S. federal income tax consequences of the merger and the related transactions. Tax matters can be complicated, and the tax consequences of the merger and the related transactions to you will depend on your particular tax situation. **You should consult your tax advisor to determine the tax consequences of the transactions to you.**

**Q: When do you expect the merger to be completed?**

A:

LaBranche and Cowen hope to complete the merger as soon as reasonably practicable and currently expect the closing of the merger to occur by the end of the second quarter or the beginning of the third quarter of 2011. However, the merger is subject to various regulatory clearances and the satisfaction or waiver of other conditions, as described in the merger agreement, and it is possible that factors outside the control of LaBranche and Cowen could result in the merger being completed at an earlier time, a later time or not at all. There can be no assurances as to when or if the merger will close.

**Q: Do I need to do anything with my shares of common stock other than voting for the proposals at the special meeting?**

A:

*LaBranche Stockholders:* If you are a LaBranche stockholder, after the merger is completed, each share of LaBranche common stock you hold will be converted into the right to receive 0.9980 shares of Cowen Class A common stock together with cash in lieu of any fractional shares, as

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applicable. You will receive instructions at that time regarding exchanging your shares for shares of Cowen Class A common stock. You do not need to take any action at this time. Please do not send your LaBranche stock certificates with your proxy card.

*Cowen Stockholders:* If you are a Cowen stockholder, after the merger is completed, you are not required to take any action with respect to your shares of Cowen Class A common stock.

**Q: Are stockholders entitled to appraisal rights?**

A:

No. Neither the stockholders of Cowen nor the stockholders of LaBranche are entitled to appraisal rights in connection with the merger under Delaware law.

**Q: What happens if I sell my shares of LaBranche common stock before the LaBranche special meeting?**

A:

The record date for the LaBranche special meeting is earlier than the date of the LaBranche special meeting and the date that the merger is expected to be completed. If you transfer your LaBranche shares after the LaBranche record date but before the LaBranche special meeting, you will retain your right to vote at the LaBranche special meeting, but will have transferred the right to receive the merger consideration in the merger. In order to receive the merger consideration, you must hold your shares through the effective date of the merger.

**Q: What if I hold shares in both LaBranche and Cowen?**

A:

If you are a stockholder of both LaBranche and Cowen, you will receive two separate packages of proxy materials. A vote cast as a Cowen stockholder will not count as a vote cast as a LaBranche stockholder, and a vote cast as a LaBranche stockholder will not count as a vote cast as a Cowen stockholder. Therefore, please separately submit a proxy for each of your LaBranche and Cowen shares.

**Q: Who can help answer my questions?**

A:

Cowen stockholders or LaBranche stockholders who have questions about the merger, the other matters to be voted on at the special meetings, or how to submit a proxy or desire additional copies of this joint proxy statement/prospectus or additional proxy cards should contact:

**If you are a Cowen stockholder:**

**MacKenzie Partners, Inc.**  
105 Madison Avenue  
New York, NY 10016  
Call Collect: (212) 929-5500  
or  
Toll Free: (800) 322-2885

or

**Cowen Group, Inc.**  
  
599 Lexington Avenue  
New York, NY 10022  
(646) 562-1880  
Attn: Investor Relations

**If you are a LaBranche stockholder:**

**Morrow & Co., LLC**  
470 West Avenue  
Stamford, CT 06902  
Banks and Brokers Call: (203) 658-9400  
or  
Stockholders Call Toll Free: (888) 681-0976

or

**LaBranche & Co Inc.**  
  
33 Whitehall Street  
New York, NY 10004  
(212) 425-1144  
Attn: Investor Relations

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**SUMMARY**

*This summary highlights information contained elsewhere in this joint proxy statement/prospectus and may not contain all the information that is important to you with respect to the merger, the Cowen stock issuance (which, together with the merger, we refer to as the transactions) and the other matters being considered at the LaBranche and Cowen special stockholder meetings. LaBranche and Cowen urge you to read the remainder of this joint proxy statement/prospectus carefully, including the attached Annexes, and the other documents to which we have referred you. See also the section entitled "Where You Can Find More Information" beginning on page 143. We have included page references in this summary to direct you to a more complete description of the topics presented below where appropriate.*

**The Companies**

**LaBranche & Co Inc.**

LaBranche & Co Inc., a Delaware corporation, is the parent corporation of LaBranche Structured Holdings, Inc., the holding company for a group of entities that are market-makers in options and exchange-traded funds, or "ETFs," traded on various exchanges, both domestically and internationally. Historically, and for part of the first quarter of 2011, LaBranche's business principally operated in two separate segments: the market-making segment and the institutional brokerage segment. The entities within LaBranche's market-making segment are market-makers on the NYSE Amex Exchange, the NYSE Arca Exchange, the NYBOT and other exchanges domestically and are market-makers on the London Stock Exchange and Euronext and Eurex exchanges, as well as on other exchanges and markets internationally. Prior to the sale of LaBranche's New York Stock Exchange designated market maker business on January 22, 2010, LaBranche was also one of the largest specialists/designated market makers on the New York Stock Exchange. As of December 31, 2010, LaBranche's market-making segment was comprised of market makers for 265 ETFs and 295 options. LaBranche's institutional brokerage segment began the process of winding down its business activities in the first quarter of 2011. Previously, the institutional brokerage segment provided securities execution services to institutional clients and professional traders.

LaBranche's common stock is listed on the New York Stock Exchange under the symbol "LAB."

The principal executive offices of LaBranche are located at 33 Whitehall Street, New York, NY 10004 and its telephone number is (212) 425-1144.

**Cowen Group, Inc.**

Cowen Group, Inc., a Delaware corporation, is a diversified financial services firm and, together with its consolidated subsidiaries, provides alternative investment management, investment banking, research, and sales and trading services through its two business segments: alternative investment management and broker-dealer. The alternative investment management segment includes hedge funds, replication products, mutual funds, managed futures funds, fund of funds, real estate, healthcare royalty funds, and cash management services offered primarily under the Ramius name. The broker-dealer segment offers industry focused investment banking for growth-oriented companies including advisory and global credit markets origination and domain knowledge-driven research and a sales and trading platform for institutional investors, primarily under the "Cowen" name.

Cowen's Class A common stock is traded on the NASDAQ Global Select Market under the symbol "COWN."

The principal executive offices of Cowen are located at 599 Lexington Avenue, New York, NY 10022 and its telephone number is (212) 845-7900.

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**Louisiana Merger Sub, Inc.**

Louisiana Merger Sub, Inc., a wholly owned subsidiary of Cowen Group, Inc., is a Delaware corporation that was formed on February 11, 2011 for the sole purpose of effecting the merger. In the merger, Louisiana Merger Sub, Inc. will be merged with and into LaBranche, with LaBranche continuing as the surviving corporation.

**Louisiana Merger Sub, LLC**

Louisiana Merger Sub, LLC, a wholly owned subsidiary of Cowen Group, Inc., is a Delaware limited liability company that was formed on February 14, 2011. Immediately following the merger, LaBranche will be merged with and into Louisiana Merger Sub, LLC (which we refer to as the second-step merger), with Louisiana Merger Sub, LLC continuing as the surviving company.

**Risk Factors**

In addition to other information included and incorporated by reference into this document, you should carefully read and consider the risks related to completion of the transactions, to Cowen following the transactions and the risks associated with each of the businesses of LaBranche and Cowen, beginning on page 37, before deciding whether to vote for the proposals presented in this document. Some of the most important risks are summarized below.

**Risks Related to the Merger**

The exchange ratio is fixed and will not be adjusted in the event of any change in either Cowen's or LaBranche's stock price.

The transactions are subject to conditions, including certain conditions that may not be satisfied, and may not be completed on a timely basis, or at all. Failure to complete the transactions could have a material and adverse effect on LaBranche.

The opinions obtained by Cowen's board of directors and LaBranche's board of directors from their respective financial advisors will not reflect changes in circumstances between the signing of the merger agreement and the completion of the transactions.

Some of LaBranche's respective current directors and executive officers have interests in the transactions that may differ from the interests of other LaBranche stockholders, as applicable, and these persons may have conflicts of interest in supporting or recommending that you approve the proposals set forth in this document.

**Risks Related to Cowen Following the Transactions**

Although LaBranche and Cowen expect that Cowen's acquisition of LaBranche will result in benefits to Cowen, Cowen may not realize those benefits because of integration difficulties and other challenges.

Current Cowen stockholders and LaBranche stockholders will have a reduced ownership and voting interest after the transactions and will exercise less influence over management.

The market price of Cowen's Class A common stock after the transactions will be affected by factors different from those currently affecting the market price of LaBranche's common stock.

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The internal earnings estimates for LaBranche and the unaudited pro forma financial data for Cowen included in this joint proxy statement/prospectus are preliminary, and Cowen's actual financial position and operations after the transactions may differ materially from the unaudited pro forma financial data included in this joint proxy statement/prospectus.



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**The Merger**

A copy of the merger agreement is attached as Annex A to this joint proxy statement/prospectus. LaBranche and Cowen encourage you to read the entire merger agreement carefully because it is the principal document governing the merger and the Cowen stock issuance. For more information on the merger agreement, see the section entitled "The Merger Agreement" beginning on page 93.

**Effects of the Merger (see page 55)**

Subject to the terms and conditions of the merger agreement, at the effective time of the merger, Merger Sub, a newly formed subsidiary of Cowen, will be merged with LaBranche, with LaBranche continuing as the surviving corporation. Immediately thereafter, Cowen will merge LaBranche with Merger Sub LLC, a wholly owned subsidiary of Cowen, with Merger Sub LLC continuing as the surviving company and a wholly owned subsidiary of Cowen.

**Terms of the Merger; Merger Consideration (see page 93)**

LaBranche stockholders will have the right to receive 0.9980 shares of Cowen Class A common stock for each share of LaBranche common stock they hold at the effective time of the merger (which we refer to as the exchange ratio). The exchange ratio is fixed and will not be adjusted for changes in the market value of the LaBranche common stock or Cowen Class A common stock. As a result, the implied value of the consideration to LaBranche stockholders will fluctuate between the date of this joint proxy statement/prospectus and the effective date of the merger. Based on the closing price of Cowen Class A common stock on the NASDAQ Global Select Market on February 16, 2011, the last trading day before public announcement of the merger, the exchange ratio represented approximately \$4.71 in value for each share of LaBranche common stock. Based on the closing price of Cowen Class A common stock on the NASDAQ Global Select Market on May 3, 2011, the latest practicable trading day before the date of this joint proxy statement/prospectus, the exchange ratio represented approximately \$4.00 in value for each share of LaBranche common stock, which had a closing price of \$3.92 per share on May 3, 2011, the latest practicable trading day before the date of this joint proxy statement/prospectus.

**Material U.S. Federal Income Tax Consequences (see page 112)**

As a condition to the completion of the merger, each of Willkie Farr & Gallagher LLP, tax counsel to Cowen, and Weil, Gotshal & Manges LLP, tax counsel to LaBranche, will deliver an opinion, dated as of the closing date of the merger, that the merger and the second-step merger, taken together, will be treated for U.S. federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Code and that each of LaBranche and Cowen will be a party to the reorganization within the meaning of Section 368(b) of the Code. Neither Cowen nor LaBranche intends to waive this condition.

The opinions regarding the merger and the second-step merger will not address any state, local or foreign tax consequences of the merger and the second-step merger. The opinions will be based on certain assumptions and representations as to factual matters from LaBranche and Cowen, as well as certain covenants and undertakings made by LaBranche and Cowen to each other. If any of the assumptions, representations, covenants or undertakings is incorrect, incomplete, inaccurate or is violated, the validity of the conclusions reached by counsel in their opinions could be jeopardized and the tax consequences of the merger and the second-step merger, taken together, could differ materially from those described in this joint proxy statement/prospectus. Neither Cowen nor LaBranche is currently aware of any facts or circumstances that would cause the assumptions, representations, covenants and undertakings to be incorrect, incomplete, inaccurate or violated.

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An opinion of counsel represents counsel's legal judgment but is not binding on the IRS or any court, so there can be no certainty that the IRS will not challenge the conclusions reflected in the opinions or that a court would not sustain such a challenge. Neither Cowen nor LaBranche intends to obtain a ruling from the IRS on the tax consequences of the merger or the second-step merger. If the IRS were to successfully challenge the "reorganization" status of the merger and the second-step merger, taken together, the tax consequences would be very different from those set forth in this joint proxy statement/prospectus.

Based on those opinions, in the event that the merger and the second-step merger, taken together, are treated for U.S. federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Code, each of LaBranche and Cowen will be a party to the reorganization within the meaning of Section 368(b) of the Code. None of LaBranche, Cowen, Merger Sub or Merger Sub LLC will recognize any gain or loss for U.S. federal income tax purposes as a result of the merger and the second-step merger, taken together.

You should read the section titled "Material U.S. Federal Income Tax Consequences" beginning on page 112 for a more complete discussion of the U.S. federal income tax consequences of the merger and the second-step merger. Tax matters can be complicated, and the tax consequences of the merger and the second-step merger to you will depend on your particular tax situation. You should consult your tax advisor to determine the tax consequences to you of the merger and the second-step merger.

**Recommendation of LaBranche's Board of Directors (see page 64)**

After careful consideration, the LaBranche board of directors unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of LaBranche and its stockholders. For more information regarding the factors considered by the LaBranche board of directors in reaching its decision to approve and adopt the merger agreement and the merger, see the section entitled "The Merger- LaBranche's Reasons for the Merger; Recommendation of LaBranche's Board of Directors." **The LaBranche board of directors unanimously recommends that LaBranche stockholders vote "FOR" the proposal to approve and adopt the merger agreement and approve the merger at the LaBranche special meeting and "FOR" the proposal to adjourn the LaBranche special meeting, if necessary, to solicit additional proxies.**

**Recommendation of Cowen's Board of Directors (see page 78)**

After careful consideration, the Cowen board of directors unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the Cowen stock issuance, are in the best interests of Cowen and its stockholders. For more information regarding the factors considered by the Cowen board of directors in reaching its decision to approve the merger agreement and to authorize the Cowen stock issuance, see the section entitled "The Merger Cowen's Reasons for the Merger; Recommendation of Cowen's board of directors." **The Cowen board of directors unanimously recommends that Cowen stockholders vote "FOR" the proposal to approve the Cowen stock issuance and "FOR" the proposal to adjourn the Cowen special meeting, if necessary, to solicit additional proxies.**

**Opinion of LaBranche's Financial Advisor (see page 68)**

On February 16, 2011, the LaBranche board of directors held a meeting to evaluate the proposed merger of LaBranche with a newly formed merger subsidiary of Cowen. At this meeting, Keefe, Bruyette & Woods, Inc. (which we refer to as KBW) reviewed the financial aspects of the proposed merger and rendered an oral opinion (subsequently confirmed in writing), to the LaBranche board of directors that, as of such date, and based upon and subject to factors and assumptions set forth in such

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opinion, the exchange ratio in the merger was fair, from a financial point of view, to the stockholders of LaBranche. The full text of KBW's written opinion, dated February 16, 2011, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex B to this joint proxy statement/prospectus. This summary is qualified in its entirety by reference to the full text of such opinion. LaBranche's stockholders are urged to read the opinion in its entirety. KBW's opinion speaks only as of the date of the opinion. The opinion is directed to the LaBranche board and addresses only the fairness, from a financial point of view to the stockholders of LaBranche, of the exchange ratio in the merger. It does not address the underlying business decision to proceed with the merger and does not constitute a recommendation to any LaBranche stockholder as to how the stockholder should vote at the LaBranche special meeting on the merger or any related matter.

**For a more complete description, see "The Merger Opinion of LaBranche's Financial Advisor" beginning on page 68. See also Annex B to this joint proxy statement/prospectus.**

**Opinion of Cowen's Financial Advisor (see page 79)**

In connection with the merger, the Cowen board of directors received an opinion, dated February 16, 2011, from Cowen's financial advisor, Sandler O'Neill + Partners, L.P. (which we refer to as Sandler O'Neill), as to the fairness of the exchange ratio paid to LaBranche from a financial point of view. The full text of Sandler O'Neill's opinion is attached as Annex C to this joint proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. This summary is qualified in its entirety by reference to the full text of such opinion. Cowen's and LaBranche's stockholders are urged to read the entire opinion carefully in connection with their consideration of the transactions. Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to Cowen's board and is directed only to the fairness of the exchange ratio paid to LaBranche from a financial point of view. It does not address the underlying business decision of Cowen to engage in the transactions or any other aspect of the transactions and is not a recommendation to any Cowen stockholder as to how such stockholder should vote at the special meeting with respect to the Cowen stock issuance or any other matter.

**For a more complete description, see "The Merger Opinion of Cowen's Financial Advisor" beginning on page 79. See also Annex C to this joint proxy statement/prospectus.**

**Interests of LaBranche Directors and Executive Officers in the Merger (see page 76)**

Executive officers and members of LaBranche's board of directors have interests in the merger that may be different from, or in addition to, the interests of LaBranche stockholders generally. Certain of LaBranche's executive officers have agreements with LaBranche that provide for severance benefits if their employment is terminated under certain circumstances following a change in control of LaBranche, such as the merger.

Additionally, as detailed below under "Board of Directors and Management Following the Merger," some of LaBranche's executive officers and members of LaBranche's board of directors will continue to serve as officers or directors of the combined company upon completion of the merger. Specifically, George M.L. LaBranche, IV, LaBranche's current Chairman of the board, President and Chief Executive Officer will become a senior managing director of, and a member of the board of directors of, Cowen, Katherine E. "Wendy" Dietze will become a member of the board of directors of Cowen and William H. Burke, III, LaBranche's Chief Operating Officer, will become a senior managing director of Cowen.

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The LaBranche board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and in recommending that you vote for the proposal to adopt the merger agreement.

**Board of Directors and Management Following the Merger (see page 88)**

Effective as of the closing of the merger, the board of directors of Cowen will consist of the following eight members: (i) the six directors of Cowen immediately prior to the merger, (ii) George M.L. LaBranche, IV (the current Chairman, Chief Executive Officer and President of LaBranche) and (iii) Katherine Elizabeth Dietze (a current director of LaBranche).

Upon completion of the merger, Mr. LaBranche will also serve as a Senior Managing Director of Cowen. William "Chip" Burke, III, Chief Operating Officer of LaBranche, will also join Cowen as a Senior Managing Director.

**Regulatory Clearances Required for the Merger (see page 89)**

LaBranche and Cowen have each agreed to use their reasonable best efforts to obtain all regulatory approvals required to complete the transactions contemplated by the merger agreement. These approvals include approval from the SEC, the Financial Industry Regulatory Authority (which we refer to as FINRA), the Financial Services Authority in the United Kingdom, the Securities and Futures Commission of Hong Kong, the Department of Justice, the Federal Trade Commission and various other federal, state and foreign regulatory authorities and self-regulatory organizations.

LaBranche and Cowen have completed, or will shortly complete, the filing of applications and notifications to obtain the required regulatory approvals. Although LaBranche and Cowen believe that the transactions do not raise substantial regulatory concerns and that all requisite regulatory approvals can be obtained on a timely basis, LaBranche and Cowen cannot be certain when or if these approvals will be obtained.

**Treatment of LaBranche Stock Options and Other Stock Awards (see page 90)**

Upon completion of the merger, each of the 230,000 outstanding options to purchase LaBranche common stock granted pursuant to the previously terminated Amended and Restated LaBranche & Co Inc. 1999 Equity Incentive Plan will be cancelled for no consideration. LaBranche will also take all steps necessary to cause the LaBranche & Co Inc. 2010 Equity Incentive Plan to be terminated no later than the completion of the merger.

**Completion of the Merger (see page 94)**

LaBranche and Cowen currently expect the closing of the merger to occur by the end of the second quarter or the beginning of the third quarter of 2011. However, the merger is subject to various regulatory clearances and the satisfaction or waiver of other conditions as described in the merger agreement, and it is possible that factors outside the control of LaBranche and Cowen could result in the merger being completed at an earlier time, a later time or not at all.

**No Solicitation of Alternative Proposals (see page 99)**

The merger agreement precludes LaBranche and Cowen from soliciting or engaging in discussions or negotiations with a third party with respect to a proposal for a competing transaction, including the acquisition of a significant interest in Cowen's or LaBranche's common stock or assets. However, if LaBranche or Cowen receives an unsolicited proposal from a third party for a competing transaction that Cowen's or LaBranche's board of directors, as applicable, among other things, determines in good faith constitutes, or would reasonably be expected to lead to, a proposal that is superior to the

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transactions contemplated by the merger agreement, LaBranche or Cowen, as applicable, may furnish non-public information to and enter into discussions with, and only with, that third party regarding such competing transaction.

**Conditions to Completion of the Merger (see page 104)**

The obligations of each of LaBranche and Cowen to effect the merger are subject to the satisfaction, or waiver, of the following conditions:

the approval and adoption of the merger agreement and approval of the merger by holders of a majority of the outstanding shares of LaBranche common stock at the LaBranche special meeting;

the approval of the Cowen stock issuance by holders of a majority of the outstanding shares of Cowen Class A common stock present in person or represented by proxy and entitled to vote thereon at the Cowen special meeting;

the absence of any order, injunction or regulation by a court or other governmental entity that makes illegal or prohibits the consummation of the merger, provided, however, this condition will not be available to any party whose failure to fulfill its obligations under the merger agreement regarding cooperation in preparing and filing all necessary documentation in connection with the receipt of all required third party and governmental entity consents and approvals as described under the section titled "The Merger Agreement Efforts to Complete the Merger";

the waiting period (and any extension thereof) applicable to the merger under the antitrust laws of the United States having expired or been earlier terminated;

the shares of Cowen Class A common stock to be issued to LaBranche stockholders pursuant to the merger having been approved for quotation or listing on the NASDAQ Global Market System; and

the effectiveness of the registration statement of which this joint proxy statement/prospectus forms a part and the absence of a stop order or proceedings threatened or initiated by the SEC for that purpose.

In addition, the obligations of LaBranche to effect the merger are subject to the satisfaction, or waiver, of the following additional conditions:

the representations and warranties of Cowen relating to capital structure being true and correct in all respects (other than immaterial misstatements or omissions) as of the date of the merger agreement and as of the date of the closing of the merger (other than those representations and warranties that were made only as of an earlier date, which need only be true and correct as of that date);

the representations and warranties of Cowen relating to the absence of certain changes and events and the requisite stockholder vote being true and correct in all respects, as of the date of the merger agreement and as of the date of the closing of the merger (other than those representations and warranties that were made only as of an earlier date, which need only be true and correct as of that date);

all other representations and warranties of Cowen being true and correct both as of the date of the merger agreement and as of the date of the closing of the merger (other than those representations and warranties that were made only as of an earlier date, which need only be true and correct as of that date), other than where the failure of these representations and warranties to be true and correct (without giving effect to any materiality qualifications



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contained in such representations and warranties) does not have, and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on Cowen;

Cowen having performed or complied with, in all material respects, all its agreements and covenants under the merger agreement at or prior to the consummation of the merger;

receipt of a certificate executed by the chief executive officer and chief financial officer of Cowen certifying as to the satisfaction of the conditions described in the preceding four bullets;

the non-occurrence of any event or development having a material adverse effect on Cowen since February 16, 2011;

the receipt, and continued validity, of all required governmental entity consents and approvals, as well as the expiration of all statutory waiting periods in respect thereof; and

receipt of a written opinion from Weil, Gotshal & Manges LLP to the effect that the merger and the second-step merger, taken together, will be treated as a "reorganization" within the meaning of Section 368(a) of the Code.

In addition, the obligations of Cowen to effect the merger are subject to the satisfaction, or waiver, of the following additional conditions:

LaBranche has, as of the business day immediately prior to the closing of the merger, (i) a Company Consolidated Tangible Book Equity Value (as such term is defined in the merger agreement) of at least \$193,000,000, (ii) a ratio of the aggregate value of the assets reflected on its unaudited balance sheet to its Company Consolidated Tangible Book Equity Value of no greater than 4.5:1, and (iii) assets reflected on its unaudited balance sheet of no more than \$920,000,000 in the aggregate;

the representations and warranties of LaBranche relating to capital structure, other than the representations described in the preceding bullet, being true and correct in all respects (other than immaterial misstatements or omissions) as of the date of the merger agreement and as of the date of the closing of the merger (other than those representations and warranties that were made only as of an earlier date, which need only be true and correct as of that date);

the representations and warranties of LaBranche relating to the absence of certain changes and events and the requisite stockholder vote being true and correct in all respects, as of the date of the merger agreement and as of the date of the closing of the merger (other than those representations and warranties that were made only as of an earlier date, which need only be true and correct as of that date);

all other representations and warranties of LaBranche being true and correct both as of the date of the merger agreement and as of the date of the closing of the merger (other than those representations and warranties that were made only as of an earlier date, which need only be true and correct as of that date), other than where the failure of these representations and warranties to be true and correct (without giving effect to any materiality qualifications contained in such representations and warranties) does not have, and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on LaBranche;

LaBranche having performed or complied with, in all material respects, all its agreements and covenants under the merger agreement at or prior to the consummation of the merger;

receipt of a certificate executed by the chief executive officer and chief financial officer of LaBranche certifying as to the satisfaction of the conditions described in the preceding five bullets;





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receipt of a written opinion from Willkie Farr & Gallagher LLP to the effect that the merger and the second-step merger, taken together, will be treated as a "reorganization" within the meaning of Section 368(a) of the Code;

the non-occurrence of any event or development having a material adverse effect on LaBranche since February 16, 2011; and

the receipt, and continued validity, of all required governmental entity consents and approvals, as well as the expiration of all statutory waiting periods in respect thereof.

**Termination of the Merger Agreement (see page 106)**

The merger agreement may be terminated at any time prior to the effective time of the merger, and, except as described below, whether before or after the receipt of the required stockholder approvals, under the following circumstances:

by mutual written consent of LaBranche and Cowen;

by either LaBranche or Cowen:

if the merger is not consummated by August 31, 2011; provided, however, that this right to terminate the merger agreement will not be available to any party whose failure to fulfill any obligation under the merger agreement has been the primary cause of the failure to close by the termination date;

if any governmental entity issues a final and nonappealable order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting or making illegal the consummation of the merger or any other transaction contemplated by the merger agreement, provided, that the party seeking to terminate pursuant to this right used its commercially reasonable efforts to remove such restraint or prohibition; and that this right to terminate the merger agreement will not be available to any party whose breach of any provision of the merger agreement results in the imposition of such order, decree or ruling or the failure of such order, decree or ruling to be resisted, resolved or lifted;

if the LaBranche stockholders fail to approve and adopt the merger agreement and approve the merger at the LaBranche special meeting;

if the Cowen stockholders fail to approve the Cowen stock issuance at the Cowen special meeting;

by Cowen if (i) prior to the LaBranche special meeting the board of directors of LaBranche withdraws or adversely changes its recommendation of the merger agreement or the merger, (ii) LaBranche fails to call or hold the LaBranche special meeting, or (iii) LaBranche intentionally and materially breaches any of its obligations under the merger agreement regarding third-party acquisition proposals as described under the section titled "The Merger Agreement No Solicitation of Alternative Proposals";

by LaBranche if (i) prior to the Cowen special meeting the board of directors of Cowen withdraws or adversely changes its recommendation of the Cowen stock issuance, (ii) Cowen fails to call or hold the Cowen special meeting, or (iii) Cowen intentionally and materially breaches any of its obligations under the merger agreement regarding third-party acquisition proposals as described under the section titled "The Merger Agreement No Solicitation of Alternative Proposals";

by LaBranche upon a breach of any representation, warranty, covenant or agreement on the part of Cowen contained in the merger agreement such that the conditions to LaBranche's

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obligations to complete the merger are not satisfied and that either (i) the breach is not reasonably capable of being cured or (ii) in the case of a breach of a covenant or agreement, if such breach is reasonably capable of being cured, such breach has not been cured prior to the earlier of (a) 30 days following notice of such breach or (b) the termination date. However, LaBranche does not have this right to terminate the merger agreement if it is then in material breach of any of its representations, warranties, covenants or agreements contained in the merger agreement;

by Cowen upon a breach of any representation, warranty, covenant or agreement on the part of LaBranche contained in the merger agreement such that the conditions to Cowen's obligations to complete the merger are not satisfied and that either (i) the breach is not reasonably capable of being cured or (ii) in the case of a breach of a covenant or agreement, if such breach is reasonably capable of being cured, such breach has not been cured prior to the earlier of (a) 30 days following notice of such breach or (b) the termination date. However, Cowen does not have this right to terminate the merger agreement if it is then in material breach of any of its representations, warranties, covenants or agreements contained in the merger agreement;

by LaBranche if, concurrently, it (i) enters into a definitive agreement with respect to a superior proposal after complying with its applicable obligations under the merger agreement regarding third-party acquisition proposals as described under the section titled "The Merger Agreement No Solicitation of Alternative Proposals", and (ii) pays Cowen a termination fee of \$6,250,000.

**Termination Fees and Expenses (see page 108)**

Generally, all fees and expenses incurred in connection with the negotiation and completion of the transactions contemplated by the merger agreement will be paid by the party incurring those expenses, subject to the specific exceptions discussed in the merger agreement. Upon termination of the merger agreement under qualifying circumstances, LaBranche or Cowen, as the case may be, will be required to pay the other party a termination fee of \$6,250,000 in certain circumstances and, in certain other circumstances, expenses of the other party up to \$1,500,000. See the section titled "The Merger Agreement Termination Fees and Expenses; Liability for Breach" beginning on page 108 for a more complete discussion of the circumstances under which LaBranche or Cowen may be required to pay the termination fee and expenses.

**Accounting Treatment (see page 115)**

Cowen prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (which we refer to as GAAP). The merger will be accounted for by Cowen using the acquisition method of accounting. Cowen will allocate the purchase price to the fair value of LaBranche's tangible and intangible assets and liabilities at the acquisition date, with the excess/shortfall purchase price being recorded as goodwill/gain on bargain purchase.

**No Appraisal Rights (see page 140)**

Appraisal rights are statutory rights that enable stockholders to dissent from an extraordinary transaction, such as a significant business combination, and to demand that the corporation pay the fair value for their shares as determined by a court in a judicial proceeding instead of receiving the consideration offered to stockholders in connection with the extraordinary transaction. Under Delaware law, holders of LaBranche common stock are not entitled to dissenters' appraisal rights in connection with the merger. Since Cowen is not a party to the merger, holders of Cowen Class A common stock are also not entitled to dissenters' appraisal rights in connection with the merger under Delaware law. See the section entitled "No Appraisal Rights" beginning on page 140.

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**Comparison of Stockholder Rights and Corporate Governance Matters (see page 134)**

LaBranche stockholders receiving merger consideration will have different rights once they become stockholders of Cowen due to differences between the governing corporate documents of LaBranche and the governing corporate documents of Cowen. These differences are described in detail under the section entitled "Comparison of Rights of LaBranche Stockholders and Cowen Stockholders" beginning on page 134.

**Listing of Cowen Class A common stock; Delisting and Deregistration of LaBranche Common Stock (see page 91)**

It is a condition to the completion of the merger that the shares of Cowen Class A common stock to be issued to LaBranche stockholders pursuant to the merger be authorized for listing on the NASDAQ Global Market System (or any successor inter-dealer quotation system or stock exchange thereto) at the effective time of the merger. Upon completion of the merger, shares of LaBranche common stock currently listed on the New York Stock Exchange will cease to be listed on the New York Stock Exchange and will be subsequently deregistered under the Exchange Act.

**Voting Agreements (see page 110)**

Each of George M.L. LaBranche, IV (Chairman, Chief Executive Officer and President of LaBranche), Alfred O. Hayward, Jr. (Executive Vice President of LaBranche) and William J. Burke, III (Chief Operating Officer of LaBranche) has entered into an agreement with Cowen to vote all of the shares of LaBranche common stock owned by that individual at the time of the LaBranche special meeting in favor of approval and adoption of the merger agreement and approval of the merger. In addition, Messrs. LaBranche and Hayward have agreed to direct the parties to the LaBranche stockholders' agreement, to vote all of their shares in favor of approval and adoption of the merger agreement and approval of the merger. Collectively, at the close of business for the record date for the LaBranche special meeting, Messrs. LaBranche, Burke and Hayward and the other LaBranche stockholders party to the LaBranche stockholders' agreement held approximately 14.7% of the outstanding shares of LaBranche common stock.

RCG has entered into an agreement with LaBranche to vote all of the shares of Cowen Class A common stock owned by RCG at the time of the Cowen special meeting in favor of the Cowen stock issuance. At the close of business for the record date for the Cowen special meeting, RCG held approximately 43.1% of the issued and outstanding Cowen Class A common stock.

## The Meetings

**The LaBranche Special Meeting (see page 48)**

The special meeting of LaBranche stockholders is scheduled to be held at the Down Town Association, 60 Pine Street, New York, New York 10005 on June 15, 2011, at 9:00 a.m., local time. The special meeting of LaBranche's stockholders is being held in order to consider and vote on:

the proposal to approve and adopt the merger agreement and approve the merger;

the proposal to adjourn the LaBranche special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the foregoing proposal.

Only holders of record of LaBranche common stock at the close of business on May 4, 2011, the record date for the LaBranche special meeting, are entitled to notice of, and to vote at, the LaBranche special meeting or any adjournments or postponements thereof. At the close of business on the record date, 40,931,997 shares of LaBranche common stock were outstanding, approximately 13.0% of which were held by LaBranche's directors and executive officers.

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Three of LaBranche's directors and executive officers, George M.L. LaBranche IV, William J. Burke, III and Alfred O. Hayward, Jr., have entered into a voting agreement with Cowen pursuant to which they have agreed to, among other things, vote all of their shares in favor of approval and adoption of the merger agreement and approval of the merger. In addition, Messrs. LaBranche and Hayward have agreed to direct the parties to the LaBranche stockholders' agreement to vote all of their shares in favor of approval and adoption of the merger agreement and approval of the merger. Collectively, at the close of business on the record date for the LaBranche special meeting, Messrs. LaBranche, Burke and Hayward and the parties to the LaBranche stockholders' agreement held approximately 14.7% of the outstanding shares of LaBranche common stock. LaBranche currently expects that LaBranche's remaining directors and executive officers, who are not party to the voting agreement, will vote their shares in favor of the proposal to adopt the merger agreement, although none of them has entered into any agreement obligating them to do so.

You may cast one vote for each share of LaBranche common stock you own. The proposal to approve and adopt the merger agreement and approve the merger requires the affirmative vote of the holders of a majority of the outstanding shares of LaBranche common stock. If it is necessary or appropriate to solicit additional proxies if there are not sufficient votes to approve the proposal to approve and adopt the merger agreement and approve the merger, the LaBranche stockholders, by the affirmative vote of holders of a majority of the outstanding shares of LaBranche common stock present in person or represented by proxy at the LaBranche special meeting and entitled to vote, whether or not a quorum is present, may adjourn the meeting to another time or place without notice other than announcement at the meeting unless the adjournment is for more than 30 days or if after the adjournment a new record date is fixed for the adjourned meeting, in which case a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

**The Cowen Special Meeting (see page 52)**

The special meeting of Cowen stockholders will be held at The InterContinental The Barclay, Park Avenue Room, 111 East 48th Street, New York, New York 10017 on June 15, 2011, at 3:00 p.m., local time. The special meeting of Cowen stockholders is being held to consider and vote on:

the proposal to approve the Cowen stock issuance; and

the proposal to adjourn the Cowen special meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the foregoing proposal.

Completion of the merger is conditioned on approval of the Cowen stock issuance.

Only holders of record of Cowen Class A common stock at the close of business on May 4, 2011, the record date for the Cowen special meeting, are entitled to vote at the Cowen special meeting or any adjournments or postponements thereof. At the close of business on the record date, 75,665,037 shares of Cowen Class A common stock were issued and outstanding.

RCG has entered into an agreement with LaBranche to vote all of the shares of Cowen Class A common stock owned by RCG at the time of the Cowen special meeting in favor of the Cowen stock issuance. At the close of business for the record date for the Cowen special meeting, RCG held approximately 43.1% of the issued and outstanding Cowen Class A common stock.

You may cast one vote for each share of Cowen Class A common stock you own. The proposal to approve the Cowen stock issuance requires the affirmative vote of holders of a majority of the outstanding shares of Cowen capital stock present in person or represented by proxy and entitled to vote on the proposal. If necessary to solicit additional proxies if there are not sufficient votes to approve the Cowen stock issuance, the holders of a majority of the shares of Cowen Class A common stock entitled to vote and present in person or by proxy, whether or not a quorum is present, may

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adjourn the Cowen special meeting to another time or place without further notice unless the adjournment is for more than 30 days or if after the adjournment a new record date is fixed for the adjourned meeting, in which case a notice of the adjourned meeting shall be given to each Cowen stockholder of record entitled to vote at the Cowen special meeting.

**Voting by LaBranche and Cowen Directors and Executive Officers (see pages 51 and 54)**

On the record date for the LaBranche special meeting, the directors and executive officers of LaBranche and their affiliates (excluding Messrs. LaBranche, Hayward and Burke) owned and were entitled to vote 205,156 shares of LaBranche's common stock, representing approximately .5% of the outstanding LaBranche common stock. Each of George M.L. LaBranche, IV (Chairman, Chief Executive Officer and President of LaBranche), Alfred O. Hayward, Jr. (Executive Vice President of LaBranche) and William J. Burke, III (Chief Operating Officer of LaBranche) has entered into an agreement with Cowen to vote all of the shares of LaBranche common stock owned by that individual at the time of the LaBranche special meeting in favor of approval and adoption of the merger agreement and approval of the merger. In addition, Messrs. LaBranche and Hayward have agreed to direct the parties to the LaBranche stockholders' agreement, to, among other things, vote all of their shares in favor of approval and adoption of the merger agreement and approval of the merger. Collectively, at the close of business for the record date for the LaBranche special meeting, Messrs. LaBranche, Burke and Hayward and the other LaBranche stockholders party to the LaBranche stockholders' agreement held approximately 14.7% of the outstanding shares of LaBranche common stock. For more details, see "Voting Agreements" beginning on page 110.

On the record date for the Cowen special meeting, the directors and executive officers of Cowen and their affiliates owned and were entitled to vote 33,031,574 shares of Cowen's Class A common stock, representing 43.7% of the outstanding Cowen Class A common stock.

Table of Contents**Selected Historical Consolidated Financial Data****Selected Consolidated Historical Financial Data of LaBranche**

The following table presents LaBranche's selected historical consolidated financial data as of and for the years ended December 31, 2010, 2009, 2008, 2007, and 2006. You should read this information in conjunction with LaBranche's consolidated financial statements and related notes included in LaBranche's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which is incorporated by reference in this document and from which this information is derived. See the section titled "Where You Can Find More Information" beginning on page 143.

	<b>For Year Ended December 31,</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>(in thousands, except per share data)</b>				
<b>Consolidated Statements of Operations</b>					
<b>Data:</b>					
<b>Revenues:</b>					
Net gain on trading	\$ 29,769	\$ 42,992	\$ 50,617	\$ 142,640	\$ 322,953
Commissions and other fees	12,101	29,957	26,035	23,013	33,884
Interest	1,970	2,031	67,011	216,320	166,183
Other	950	3,998	2,741	3,212	1,224
<b>Total revenues</b>	<b>44,790</b>	<b>78,978</b>	<b>146,404</b>	<b>385,185</b>	<b>524,244</b>
Interest expense	16,341	45,146	119,051	302,510	239,555
<b>Total revenues, net of interest expense</b>	<b>28,449</b>	<b>33,832</b>	<b>27,353</b>	<b>82,675</b>	<b>284,689</b>
<b>Expenses:</b>					
Employee compensation and benefits	27,117	39,757	108,231	55,522	47,193
Early extinguishment of debt	7,192	(762)	5,395		
Other	39,487	62,265	67,130	61,630	58,708
<b>Total expenses</b>	<b>73,796</b>	<b>101,260</b>	<b>180,756</b>	<b>117,152</b>	<b>105,901</b>
<b>(Loss) income from continuing operations before (benefit) provision for income taxes</b>	<b>\$ (45,347)</b>	<b>\$ (67,428)</b>	<b>\$ (153,403)</b>	<b>\$ (34,477)</b>	<b>\$ 178,788</b>
<b>(Loss) income from discontinued operations before (benefit) provision for income taxes</b>	<b>\$ (352)</b>	<b>\$ (68,532)</b>	<b>\$ 39,023</b>	<b>\$ (487,248)</b>	<b>\$ 58,224</b>
<b>Net (loss) income</b>	<b>\$ (62,357)</b>	<b>\$ (97,820)</b>	<b>\$ (65,963)</b>	<b>\$ (350,474)</b>	<b>\$ 136,804</b>
<b>Basic and diluted earnings (loss) per share data:</b>					
Continuing operations	\$ (1.52)	\$ (0.71)	\$ (1.45)	\$ (5.71)	\$ 2.22
Discontinued operations	\$ 0.09	\$ (1.07)	\$ 0.38		
<b>Total operations</b>	<b>\$ (1.43)</b>	<b>\$ (1.78)</b>	<b>\$ (1.07)</b>	<b>\$ (5.71)</b>	<b>\$ 2.22</b>

As of December 31,

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	2010	2009	2008	2007	2006
	(in thousands)				
<b><i>Consolidated Statements of Financial Condition Data:</i></b>					
Total assets	\$ 1,292,763	\$ 3,701,832	\$ 3,731,615	\$ 5,298,591	\$ 5,374,889
Total liabilities	1,084,899	3,380,573	3,288,765	4,770,674	4,500,182
Total stockholders' equity	\$ 207,864	\$ 321,259	\$ 442,850	\$ 527,917	\$ 874,707



Table of Contents**Selected Consolidated Historical Financial Data of Cowen**

The following table presents Cowen's selected historical consolidated financial data as of and for the years ended December 31, 2010, 2009, 2008, 2007 and 2006. You should read this information in conjunction with Cowen's consolidated financial statements and related notes included in Cowen's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 which is incorporated by reference in this document and from which this information is derived. See the section titled "Where You Can Find More Information" beginning on page 143.

	Year Ended December 31,				
	2010	2009	2008	2007	2006
<b>Consolidated Statements of Operations Data:</b>					
<b>Revenues</b>					
Investment banking	\$ 38,965	\$ 10,557	\$	\$	\$
Brokerage	112,217	17,812			
Management fees	38,847	41,694	70,818	73,950	65,635
Incentive income	11,363	1,911		60,491	81,319
Interest and dividends	11,547	477	1,993	16,356	17,189
Reimbursement from affiliates	6,816	10,326	16,330	7,086	4,070
Other revenues	1,936	4,732	6,853	5,086	8,038
<i>Consolidated Funds revenues</i>	12,119	36,392	31,739	25,253	35,897
<b>Total revenues</b>	233,810	123,901	127,733	188,222	212,148
<b>Expenses</b>					
Employee compensation and benefits	194,919	96,592	84,769	123,511	112,433
Non-compensation expense	136,902	69,818	54,856	79,020	54,277
Goodwill impairment			10,200		
<i>Consolidated Funds expenses</i>	8,121	23,581	34,268	21,014	39,300
<b>Total expenses</b>	339,942	189,991	184,093	223,545	206,010
<b>Other income (loss)</b>					
Net gains (losses) on securities, derivatives and other investments	21,980	(2,154)	(2,006)	94,078	54,765
<i>Consolidated Funds net gains (losses)</i>	31,062	20,999	(198,485)	84,846	78,656
<b>Total other income (loss)</b>	53,042	18,845	(200,491)	178,924	133,421
<b>Income (loss) before income taxes</b>	(53,090)	(47,245)	(256,851)	143,601	139,559
Income tax expense (benefit)	(21,400)	(8,206)	(1,301)	1,397	4,814
<b>Net income (loss)</b>	(31,690)	(39,039)	(255,550)	142,204	134,745
Income (loss) attributable to redeemable non-controlling interests in consolidated subsidiaries	13,727	16,248	(113,786)	66,343	74,189
<b>Special allocation to the Managing Member</b>				26,551	21,195
<b>Net income (loss) attributable to Cowen Group stockholders</b>	\$ (45,417)	\$ (55,287)	\$ (141,764)	\$ 49,310	\$ 39,361

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	Year Ended December 31,				
	2010	2009	2008	2007	2006
<b>Consolidated Statements of Financial Condition Data:</b>					
Total assets	\$ 1,247,170	\$ 959,441	\$ 797,831	\$ 2,113,532	\$ 2,468,195
Total liabilities	653,568	255,091	182,003	1,430,029	1,657,992
Redeemable non-controlling interests in consolidated subsidiaries	144,346	230,825	284,936	203,523	514,761
<b>Total stockholders' equity</b>	<b>\$ 449,256</b>	<b>\$ 473,525</b>	<b>\$ 330,892</b>	<b>\$ 479,980</b>	<b>\$ 295,442</b>

Table of Contents**Selected Unaudited Pro Forma Condensed Combined Financial Information of LaBranche and Cowen**

The unaudited pro forma condensed combined statement of operations for the fiscal year ended December 31, 2010, gives effect to the merger as if it was completed on January 1, 2010, and includes all adjustments which give effect to the events that are directly attributable to the merger, as long as the impact of such events are expected to continue and are factually supportable. The unaudited pro forma condensed combined statement of financial condition as of December 31, 2010 gives effect to the merger as if it had been completed on December 31, 2010 and includes all adjustments which give effect to the events that are directly attributable to the merger and that are factually supportable. This information should be read in conjunction with the annual reports and other information Cowen and LaBranche have filed with the SEC and incorporated by reference in this document and with the unaudited pro forma condensed combined financial statements and related notes included in this document. See sections titled "Where You Can Find More Information" beginning on page 143 and "Unaudited Pro Forma Condensed Combined Financial Statements" beginning on page 116.

The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and does not indicate the financial results of the combined company had the merger actually been completed at the beginning of each period presented, nor the impact of possible business model changes. The unaudited pro forma condensed combined financial information also does not consider any potential impacts of current market conditions on revenues, cost savings, and asset dispositions, among other factors. In addition, as explained in more detail in the accompanying notes to the unaudited pro forma condensed combined financial statements, the preliminary allocation of the pro forma purchase price reflected in the unaudited pro forma condensed combined financial statements is subject to adjustment and may vary significantly from the actual purchase price allocation that will be recorded upon the closing of the merger.

	<b>Twelve Months Ended Dec 31, 2010 (in thousands, except per share data)</b>
<b><i>Unaudited Pro Forma Condensed Combined Statements of Operations Data</i></b>	
Total revenues	\$ 235,977
Total expenses	\$ 411,475
Total other income	\$ 83,062
Net loss attributable to stockholders	\$ (105,440)
Net loss per share: basic and diluted	\$ (0.92)
Weighted average common shares: basic and diluted	113,999

	<b>As of December 31, 2010 (in thousands)</b>
<b><i>Unaudited Pro Forma Condensed Combined Statement of Financial Condition Data</i></b>	
Cash and cash equivalents	\$ 122,310
Total assets	\$ 2,544,283
Short-term borrowings and other debt	\$ 31,733
Total liabilities	\$ 1,746,824
Stockholders' equity	\$ 653,113
Redeemable noncontrolling interests	\$ 144,346
Total liabilities and stockholders' equity	\$ 2,544,283

Table of Contents**Unaudited Comparative Per Share Data**

Presented below are Cowen's historical per share data and LaBranche's historical per share data for continuing operations for the year ended December 31, 2010 and unaudited pro forma combined per share data for the year ended December 31, 2010. This information should be read together with the consolidated financial statements and related notes of LaBranche and Cowen that are incorporated by reference in this document and with the unaudited pro forma combined financial data included under "Selected Unaudited Pro Forma Condensed Combined Financial Information of LaBranche and Cowen" beginning on page 34. The unaudited pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the transactions had been completed as of the beginning of the periods presented, nor is it necessarily indicative of the future operating results or financial position Cowen following the transactions. The historical book value per share is computed by dividing total stockholders' equity (deficit) by the number of shares of common stock outstanding at the end of the period. The unaudited pro forma loss per share of Cowen following the transactions is computed by dividing the unaudited pro forma loss by the unaudited pro forma weighted average number of shares outstanding. The unaudited pro forma book value per share of Cowen following the transactions is computed by dividing total unaudited pro forma stockholders' equity by the unaudited pro forma number of shares of Cowen Class A common stock outstanding at the end of the period.

	<b>LaBranche Historical Twelve Months Ended December 31, 2010</b>	<b>Cowen Historical Twelve Months Ended December 31, 2010</b>	<b>Combined Company Pro Forma Twelve Months Ended December 31, 2010</b>
(in thousands, except per share data)			
<b><i>Basic and diluted net loss per common share</i></b>			
Numerator:			
Net loss attributable to stockholders	\$ (66,024)	\$ (45,417)	\$ (105,440)
Denominator:			
Weighted average shares outstanding for Basic and Diluted EPS	43,541	73,149	113,999
Net loss per common share:			
Basic and Diluted	\$ (1.52)(1)	\$ (0.62)	\$ (0.92)
Book Value per share of common share at December 31, 2010	\$ 4.77	\$ 6.14	\$ 5.73

- (1) Represents basic and diluted loss per common share from continuing operations. The basic and diluted earnings per common share from discontinued operations was \$0.09.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This joint proxy statement/prospectus and the documents incorporated by reference into this joint proxy statement/prospectus contain a number of forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 that are not limited to historical facts, but reflect LaBranche's and Cowen's current beliefs, expectations or intentions regarding future events. Words such as "may," "will," "could," "should," "expect," "plan," "project," "intend," "anticipate," "believe," "estimate," "predict," "potential," "pursue," "target," "continue," and similar expressions are intended to identify such forward-looking statements. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. Consequently, all forward-looking statements made in this joint proxy statement/prospectus are qualified by those risks, uncertainties and other factors.

These factors include, but are not limited to, (1) the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement; (2) the outcome of any legal proceedings that have been or may be instituted against LaBranche, Cowen or others following announcement of the merger agreement and transactions contemplated therein; (3) the inability to complete the transactions contemplated by the merger agreement due to the failure to obtain the required stockholder approvals; (4) the inability to obtain necessary regulatory approvals required to complete the transactions contemplated by the merger agreement; (5) the risk that the merger disrupts current plans and operations and the potential difficulties in employee retention as a result of the announcement and consummation of the Merger; (6) the ability to recognize the anticipated benefits of the combination of LaBranche and Cowen, including potential cost savings; and (7) the possibility that LaBranche or Cowen may be adversely affected by other economic, business, and/or competitive factors. These risks and uncertainties also include those set forth under "Risk Factors," beginning on page 37.

Actual results may differ materially and reported results should not be considered an indication of future performance. Please reference the SEC filings of LaBranche and Cowen, which are available on their respective web sites, for detailed descriptions of factors that could cause actual results to differ materially from those expressed or implied in such forward-looking statements.

LaBranche and Cowen caution that the foregoing list of factors is not exclusive. Additional information concerning these and other risk factors is contained in Cowen's and LaBranche's most recently filed Annual Reports on Form 10-K, subsequent Quarterly Reports on Form 10-Q, recent Current Reports on Form 8-K, and other SEC filings, as such filings may be amended from time to time. All subsequent written and oral forward-looking statements concerning LaBranche, Cowen, the proposed transactions or other matters and attributable to LaBranche or Cowen or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above. Neither Cowen nor LaBranche undertakes any obligation to update publicly any of these forward-looking statements to reflect events or circumstances that may arise after the date hereof.

**Prospective Financial Information**

The prospective financial information included in this document was not prepared with a view toward compliance with published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation, presentation of prospective financial information. The prospective financial information included in this document has been prepared by, and is the responsibility of, Cowen's management. PricewaterhouseCoopers LLP has neither examined nor performed any procedures with respect to the accompanying prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report referenced in this document relates to Cowen's historical financial information. It does not extend to the prospective financial information and should not be read to do so.

Neither LaBranche nor Cowen assumes any responsibility for the accuracy of the accompanying prospective financial information or expresses any assurance with respect thereto.

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**RISK FACTORS**

*In addition to the other information included and incorporated by reference in this joint proxy statement/prospectus, including the matters addressed in the section entitled "Cautionary Statement Regarding Forward-Looking Statements," you should carefully consider the following risk factors before deciding whether to vote for the proposal to approve and adopt the merger agreement and approve the merger, in the case of LaBranche stockholders, or for the proposal to approve the Cowen stock issuance, in the case of Cowen stockholders. In addition, you should read and consider the risks associated with each of the businesses of LaBranche and Cowen because these risks will relate to Cowen following the completion of the merger. Descriptions of some of these risks can be found in the Annual Reports on Form 10-K for the fiscal year ended December 31, 2010, and any amendments thereto, for each of LaBranche and Cowen, as such risks may be updated or supplemented in each company's subsequently filed Quarterly Reports on Form 10-Q or Current Reports on Form 8-K, which are incorporated by reference into this joint proxy statement/prospectus. You should also consider the other information in this document and the other documents incorporated by reference into this document. See the section titled "Where You Can Find More Information" beginning on page 143.*

**Risk Factors Relating to the Merger**

***The transactions are subject to conditions, including certain conditions that may not be satisfied, and may not be completed on a timely basis, or at all. Failure to complete the transactions could have material and adverse effects on LaBranche and Cowen.***

The completion of the transactions is subject to a number of conditions, including the approval and adoption of the merger agreement and approval of the merger by the LaBranche stockholders and approval of the Cowen stock issuance, which make the completion and timing of the completion of the merger uncertain. See the section titled "The Merger Agreement Conditions to Completion of the Merger" beginning on page 104 for a more detailed discussion. Also, either LaBranche or Cowen may terminate the merger agreement if the transactions have not been completed by August 31, 2011, unless the failure of the transactions to be completed has resulted from the failure of the party seeking to terminate the merger agreement to perform its obligations.

If the transactions are not completed on a timely basis, or at all, Cowen's and LaBranche's respective ongoing businesses may be adversely affected. Additionally, in the event the transactions are not completed, LaBranche and Cowen will be subject to a number of risks without realizing any of the benefits of having completed the transactions, including the following:

LaBranche and Cowen may be required to pay to the other party a termination fee of \$6,250,000 or, in some cases, expenses of the other party up to \$1,500,000 if the transactions are terminated under qualifying circumstances, as described in the merger agreement;

LaBranche and Cowen will be required, subject to certain exceptions, to pay their respective costs relating to the transactions, such as legal, accounting, financial advisor and printing fees, whether or not the transactions are completed;

Time and resources committed by Cowen's and LaBranche's respective management to matters relating to the transactions (including, in the case of Cowen, integration planning) could otherwise have been devoted to pursuing other beneficial opportunities;

The market price of Cowen Class A common stock or LaBranche common stock could decline to the extent that the current market price reflects a market assumption that the transactions will be completed; and

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If the merger agreement is terminated and LaBranche's board of directors seeks another business combination, stockholders of LaBranche cannot be certain that LaBranche will be able to find a party willing to enter into a merger agreement on terms equivalent to or more attractive than the terms that Cowen has agreed to in the merger.

***Uncertainty regarding the completion of the merger may cause clients of LaBranche to delay or defer decisions concerning LaBranche and may adversely affect LaBranche's ability to attract and retain key employees.***

The transactions will happen only if stated conditions are met, including, among others, the approval and adoption of the merger agreement and approval of the merger by the LaBranche stockholders, the approval of the Cowen stock issuance by the Cowen stockholders, the receipt of all required regulatory approvals, and the satisfaction of certain financial conditions applicable to LaBranche. Many of the conditions are beyond the control of LaBranche or Cowen. In addition, both LaBranche and Cowen have rights to terminate the merger agreement under various circumstances. As a result, there may be uncertainty regarding the completion of the transactions. This uncertainty may cause clients of LaBranche to delay or defer decisions concerning LaBranche, which could negatively impact revenues, earnings and cash flow of LaBranche, regardless of whether the transactions are ultimately completed. Similarly, uncertainty regarding the completion of the transactions may foster uncertainty among employees about their future roles. This may adversely affect the ability of LaBranche to attract and retain key management, sales, marketing, trading and technical personnel, which could have an adverse effect on LaBranche's ability to generate revenues at anticipated levels prior to the consummation of the merger and/or LaBranche's ability to satisfy certain financial conditions to Cowen's obligations to effect the merger.

***Some of LaBranche's current directors and executive officers have interests in the transactions that may differ from the interests of other LaBranche stockholders and these persons may have conflicts of interest in supporting or recommending that you approve the proposals set forth in this document.***

In considering whether to approve the proposals set forth in this document, you should recognize that some of the members of LaBranche's management and LaBranche's board of directors may have interests in the transactions that differ from, or are in addition to, their interests as stockholders. These interests include, but are not limited to, the following:

George M.L. LaBranche, IV (the current Chairman, Chief Executive Officer and President of LaBranche) and Katherine Elizabeth Dietze (a current director of LaBranche) will each be appointed to the Cowen board of directors at the closing of the merger;

upon completion of the merger, Mr. LaBranche also will also serve as a Senior Managing Director of Cowen. William "Chip" Burke, III, Chief Operating Officer of LaBranche, will also join Cowen as a Senior Managing Director; and

Jeffrey A. McCutcheon, (the current Senior Vice President and Chief Financial Officer of LaBranche) and Stephen H. Gray (the current General Counsel and Corporate Secretary of LaBranche) have agreements with LaBranche that provide for severance benefits if their employment is terminated under certain circumstances following a change in control of LaBranche, such as the merger.

These interests, among others, are described in greater detail in the section titled "The Merger Interests of LaBranche Directors and Executive Officers in the Merger" beginning on page 76. LaBranche's board of directors was aware of these interests at the time each approved the merger and the transactions contemplated by the merger agreement. These interests may cause LaBranche's directors and executive officers to view the merger proposal differently and more favorably than you may view it.

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***The merger agreement contains provisions that could discourage a potential competing acquiror of either LaBranche or Cowen or could result in any competing proposal being at a lower price than it might otherwise be.***

The merger agreement contains "no shop" provisions that, subject to limited exceptions, restrict each of Cowen's and LaBranche's ability to solicit, initiate, encourage, facilitate or discuss competing third party proposals for the acquisition of all or a significant portion of their company's assets or capital stock. Further, even if Cowen's board of directors withdraws (or amends or modified in a manner adverse to LaBranche) its recommendation of the Cowen stock issuance, it will still be required to submit the matter to a vote of Cowen's stockholders at Cowen's special meeting. In addition, each party generally has an opportunity to offer to modify the terms of the merger in response to any competing acquisition proposals before the board of directors of the company that has received a third-party proposal may withdraw (or amend or modify in a manner adverse to the other party) its recommendation with respect to the transactions. In some circumstances, upon termination of the merger agreement, one of the parties will be required to pay a termination fee of \$6,250,000 million or expenses up to \$1,500,000 to the other party. See "The Merger Agreement No Solicitation of Alternative Proposals" beginning on page 99, "The Merger Agreement Termination of the Merger Agreement" beginning on page 106 and "The Merger Agreement Termination Fees and Expenses; Liability for Breach" beginning on page 108.

These provisions could discourage a potential third-party acquiror that might have an interest in acquiring all or a significant portion of LaBranche or Cowen from considering or proposing that acquisition, even if it were prepared to pay consideration with a higher per share cash or market value than the market value proposed to be received or realized in the transactions or might result in a potential third-party acquiror proposing to pay a lower price to the stockholders than it might otherwise have proposed to pay because of the added expense of the termination fee or expenses of the other party that may become payable in certain circumstances.

If the merger agreement is terminated and either LaBranche or Cowen determines to seek another business combination, it may not be able to negotiate a transaction with another party on terms comparable to, or better than, the terms of the transactions.

***The opinions obtained by Cowen's board of directors and LaBranche's board of directors from their respective financial advisors will not reflect changes in circumstances between the signing of the merger agreement and the completion of the transactions.***

Neither Cowen's board of directors nor LaBranche's board of directors has obtained an updated fairness opinion as of the date of this document from their respective financial advisors, nor will they receive one prior to the consummation of the merger. Changes in Cowen's and LaBranche's operations, prospects, general market and economic conditions and other factors that may be beyond the control of LaBranche and Cowen, and on which the fairness opinions were based, may significantly alter the value of LaBranche or Cowen or the prices of shares of Cowen Class A common stock or LaBranche common stock by the time the transactions are completed. The opinions do not speak as of the time the transactions will be completed or as of any date other than the dates of such opinions. Because neither Cowen nor LaBranche currently anticipates asking its financial advisors to update their respective opinions, the opinions do not address the fairness of the exchange ratio, from a financial point of view, at the time the transactions are completed. For a description of the opinions that the Cowen board of directors received from its financial advisors and a summary of the material financial analyses they provided to the Cowen board of directors in connection with rendering such opinions, please refer to "The Merger Opinion of Cowen's Financial Advisor" beginning on page 79. For a description of the opinions that the LaBranche board of directors received from its financial advisors and a summary of the material financial analyses they provided to the LaBranche board of directors in connection with rendering such opinions, please refer to "The Merger Opinion of LaBranche's



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Financial Advisor" beginning on page 68. The opinions are included as Annexes B and C to this joint proxy statement/prospectus.

***The exchange ratio is fixed and will not be adjusted in the event of any change in either Cowen's or LaBranche's stock price.***

Upon closing of the merger, each share of LaBranche common stock will be converted into the right to receive 0.9980 shares of Cowen Class A common stock. This exchange ratio will not be adjusted for changes in the market price of either Cowen Class A common stock or LaBranche common stock between the date of signing the merger agreement and completion of the transactions. Changes in the price of Cowen Class A common stock prior to the merger will affect the value of Cowen Class A common stock that LaBranche common stockholders will receive on the closing date of the merger. The exchange ratio will be adjusted appropriately to fully reflect the effect of any stock dividend, subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination, exchange of shares or other similar event with respect to the shares of either Cowen Class A common stock or LaBranche common stock prior to the closing of the merger.

The prices of Cowen Class A common stock and LaBranche common stock at the closing of the merger may vary from their prices on the date the merger agreement was executed, on the date of this joint proxy statement/prospectus and on the date of each stockholder meeting. As a result, the value represented by the exchange ratio will also vary.

These variations could result from changes in the business, operations or prospects of LaBranche or Cowen prior to or following the merger, regulatory considerations, general market and economic conditions and other factors both within and beyond the control of LaBranche or Cowen. At the time of the special stockholders meetings, LaBranche stockholders will not know with certainty the value of the shares of Cowen Class A common stock that they will receive upon completion of the merger.

***Lawsuits have been filed against LaBranche and Cowen challenging the merger and an adverse ruling may prevent the merger from being completed.***

LaBranche and Cowen, as well as the members of LaBranche's board of directors, were named as defendants in two lawsuits brought by LaBranche stockholders challenging the proposed merger and seeking, among other things, injunctive relief to enjoin the defendants from completing the merger on the agreed-upon terms. The lawsuits were consolidated on April 19, 2011. On May 2, 2011, counsel for the parties to the consolidated lawsuit reached an agreement in principle to settle the lawsuit as reflected in a memorandum of understanding. Settlement of the consolidated lawsuit remains subject to, among other things, the parties' negotiation and execution of a stipulation of settlement, and approval of the settlement by the court. Additional lawsuits may be filed against LaBranche, Cowen and/or the directors of either company in connection with the merger. See "The Merger Notice of Proposed Settlement of Litigation Relating to the Merger" beginning on page 91 for more information.

***If the merger and the second-step merger, taken together, do not qualify as a reorganization under Section 368(a) of the Code, the stockholders of LaBranche may be required to pay substantial U.S. federal income taxes.***

As a condition to the completion of the merger, each of Willkie Farr & Gallagher LLP, tax counsel to Cowen, and Weil, Gotshal & Manges LLP, tax counsel to LaBranche, will have delivered an opinion, dated as of the closing date of the merger, that the merger and the second-step merger, taken together, will be treated for U.S. federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Code and that each of LaBranche and Cowen will be a party to the reorganization within the meaning of Section 368(b) of the Code. These opinions will be based on certain assumptions and representations as to factual matters from LaBranche and Cowen, as well as

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certain covenants and undertakings made by LaBranche and Cowen to each other. If any of the assumptions, representations, covenants or undertakings is incorrect, incomplete, inaccurate or is violated, the validity of the conclusions reached by counsel in their opinions could be jeopardized. Additionally, an opinion of counsel represents counsel's legal judgment but is not binding on the IRS or any court, so there can be no certainty that the IRS will not challenge the conclusions reflected in the opinions or that a court will not sustain such a challenge. If the IRS or a court determines that the merger and the second-step merger should not be treated as a "reorganization," a holder of LaBranche common stock could recognize taxable gain upon the exchange of LaBranche common stock for Cowen Class A common stock pursuant to the merger. See "Material U.S. Federal Income Tax Consequences" beginning on page 112.

**Risk Factors Relating to Cowen Following the Merger**

*Although Cowen expects that Cowen's acquisition of LaBranche will result in benefits to Cowen, Cowen may not realize those benefits because of integration difficulties and other challenges.*

The success of Cowen's acquisition of LaBranche will depend in large part on the success of the management in integrating the operations, strategies, technologies and personnel of the two companies following the completion of the transactions. Cowen may fail to realize some or all of the anticipated benefits of the transactions if the integration process takes longer than expected or is more costly than expected. The failure of Cowen to meet the challenges involved in successfully integrating the operations of LaBranche or to otherwise realize any of the anticipated benefits of the merger, including additional revenue opportunities, could impair the operations of Cowen. In addition, Cowen anticipates that the overall integration of LaBranche will be a time-consuming and expensive process that, without proper planning and effective and timely implementation, could significantly disrupt Cowen's business.

Potential difficulties the combined company may encounter in the integration process include the following:

- the integration of management teams, strategies, technologies and operations, products and services;
- the disruption of ongoing businesses and distraction of their respective management teams from ongoing business concerns;
- the retention of the existing clients of both companies;
- the creation of uniform standards, controls, procedures, policies and information systems;
- the reduction of the costs associated with each company's operations;
- the consolidation and rationalization of information technology platforms and administrative infrastructures;
- the integration of corporate cultures and maintenance of employee morale;
- the retention of key employees; and
- potential unknown liabilities associated with the merger.

The anticipated benefits and synergies include the combination of offices in various locations and the elimination of numerous technology systems, duplicative personnel and duplicative market and other data sources. However, these anticipated benefits and synergies assume a successful integration and are based on projections, which are inherently uncertain, and other assumptions. Even if integration is successful, anticipated benefits and synergies may not be achieved.



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***The transactions are subject to the receipt of consents and approvals from government entities that may impose conditions that could have an adverse effect on Cowen following the transactions.***

Before the transactions may be completed, approvals or consents must be obtained from various domestic and foreign securities, antitrust and other authorities. In deciding whether to grant these approvals, the relevant governmental entity will make a determination of whether, among other things, the transactions are in the public interest. Regulatory entities may impose conditions on the completion of the transactions or require changes to the terms of the transactions or could impose restrictions on the conduct of business(es) of Cowen following consummation of the merger. Although the parties do not currently expect that any such material conditions, restrictions or changes would be imposed, there can be no assurance that they will not be, and such conditions, restrictions or changes could have the effect of delaying completion of the transactions or imposing additional costs on or limiting the revenues of the combined company following the transactions, any of which might have a material adverse effect on Cowen following the transactions. See the section titled "The Merger Regulatory Clearances Required for the Merger" beginning on page 89.

***LaBranche is in a different business line than Cowen and there are no guarantees that management of the combined company will be able to successfully integrate the business lines of LaBranche and Cowen.***

The transactions involve the combination of two companies that currently operate in different business lines. LaBranche is the parent corporation of LaBranche Structured Holdings, Inc., the holding company for a group of entities that are market-makers in options and exchange-traded funds, or "ETFs," traded on various exchanges. Cowen has an alternative asset management services practice, with products including hedge funds, replication products, mutual funds, managed futures funds, fund of funds, real estate, healthcare royalty funds, and cash management services, and has a financial services practice, including investment banking, equity research, and a sales and trading platform for institutional investors. Cowen cannot guarantee that Cowen will integrate and operate the business lines of LaBranche and Cowen to achieve the cost savings and other benefits anticipated to result from the transactions.

***Current Cowen stockholders and LaBranche stockholders will have a reduced ownership and voting interest after the transactions and will exercise less influence over management.***

Current Cowen stockholders currently have the right to vote in the election of Cowen's board of directors and on other matters affecting Cowen. Current LaBranche stockholders currently have the right to vote in the election of LaBranche's board of directors and on other matters affecting LaBranche. Immediately after the transactions are completed, it is expected that current Cowen stockholders will own approximately 64.5% of Cowen and current LaBranche stockholders will own approximately 35.5% of Cowen, respectively. As a result of the transactions, current Cowen stockholders and current LaBranche stockholders will have less influence on the management and policies of Cowen than they now have on the management and policies of LaBranche and Cowen, respectively.

***RCG's significant ownership interest in Cowen could affect the liquidity in the market for Cowen's Class A common stock.***

Immediately after the transactions are completed, it is expected that RCG will own approximately 27.9% of Cowen and therefore will have a significant influence over matters requiring approval by Cowen's stockholders, including in the election of directors and approval of significant corporate transactions. Furthermore, RCG's managing member is controlled by certain members of Cowen's senior management, including Peter A. Cohen, Cowen's Chairman and Chief Executive Officer. RCG's concentration of ownership may discourage a third party from proposing a change of control or other strategic transaction concerning Cowen or otherwise have the effect of delaying or preventing a change

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of control of Cowen that other stockholders may view as beneficial. As a result, Cowen's Class A common stock could trade at prices that do not reflect a "control premium" to the same extent as do the stocks of similarly situated companies that do not have any single stockholder with an ownership interest as large as RCG's ownership interest.

***Under the amended and restated certificate of incorporation of Cowen, the combined company will be able to issue more shares of common stock than expected to be outstanding immediately after the transactions are completed. As a result, such future issuances of common stock could have a dilutive effect on the earnings per share and voting power of Cowen's stockholders.***

The amended and restated certificate of incorporation of Cowen authorizes a greater number of shares of common stock than expected to be outstanding immediately after the transactions are completed. If the transactions are completed, the combined company will be able to issue more shares of common stock than expected to be outstanding immediately after the transactions are completed. If the board of directors of the combined company elects to issue additional shares of common stock in the future, whether in public offerings, in connection with mergers and acquisitions or otherwise, such additional issuances could dilute the earnings per share and voting power of the combined company's stockholders.

***The market price of Cowen's common stock may decline in the future as a result of the transactions.***

The market price of Cowen's common stock may decline in the future as a result of the transactions for a number of reasons, including:

the unsuccessful integration of LaBranche and Cowen; or

the failure of Cowen to achieve the perceived benefits of the transactions, including financial results, as rapidly as or to the extent anticipated by financial or industry analysts.

These factors are, to some extent, beyond the control of Cowen.

***The market price of Cowen's Class A common stock after the transactions will be affected by factors different from those currently affecting the market price of LaBranche's common stock.***

Each of LaBranche and Cowen operates across a range of services and asset classes in which the other party has not historically operated. Accordingly, the operations and the market price of Cowen's Class A common stock, and the market price of LaBranche common stock (in each case until the completion of the transactions), may be affected by factors different from those currently affecting the operations and the market price of LaBranche common stock, respectively. For a discussion of Cowen's businesses and the businesses of LaBranche, see the sections titled "The Companies" beginning on page 46 and "Where You Can Find More Information" beginning on page 143.

***The internal earnings estimates for LaBranche and the unaudited pro forma financial data for Cowen included in this document are preliminary, and Cowen's actual financial position and operations after the transactions may differ materially from the unaudited pro forma financial data included in this document.***

The internal earnings estimates for LaBranche and the unaudited pro forma financial data for Cowen included in this document are presented for illustrative purposes only and are not necessarily indicative of what Cowen's actual financial position or operations would have been had the transactions been completed on the dates indicated. Cowen's actual results and financial position after the transactions may differ materially and adversely from the unaudited pro forma financial data included in this joint proxy statement/prospectus. For more information, see the sections titled "Selected Unaudited Pro Forma Condensed Combined Financial Information of LaBranche and Cowen" beginning on page 34.

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***Cowen's future results will suffer if the combined company does not effectively manage its expanded operations following the merger.***

Following the merger, Cowen may continue to expand its operations through new product and service offerings and through additional strategic investments, acquisitions or joint ventures, some of which may involve complex technical and operational challenges. Cowen's future success depends, in part, upon its ability to manage its expansion opportunities, which pose numerous risks and uncertainties, including the need to integrate new operations into its existing business in an efficient and timely manner, to combine accounting and data processing systems and management controls and to integrate relationships with customers and business partners. In addition, future acquisitions or joint ventures after completion of the transactions may involve the issuance of additional shares of common stock of Cowen, which may dilute Cowen stockholders' and LaBranche stockholders' ownership of Cowen.

Furthermore, any future acquisitions of businesses or facilities could entail a number of risks, including:

problems with the effective integration of operations;

inability to maintain key pre-acquisition business relationships;

increased operating costs;

exposure to unanticipated liabilities; and

difficulties in realizing projected efficiencies, synergies and cost savings.

Neither Cowen nor LaBranche can assure its respective stockholders that Cowen's future expansion or acquisition opportunities will be successful, or that the combined company will realize its expected operating efficiencies, cost savings, revenue enhancements, synergies or other benefits.

***BA Alpine Holdings, Inc., its designee on Cowen's board of directors and RCG may have interests that conflict with your interests.***

BA Alpine Holdings, Inc., its designee on Cowen's board of directors and RCG may have interests that conflict with, or are different from, Cowen's and your own as a stockholder of Cowen. Conflicts of interest between BA Alpine Holdings, Inc. and/or RCG and Cowen may arise, and such conflicts of interest may not be resolved in a manner favorable to Cowen, including potential competitive business activities (in the case of BA Alpine Holdings, Inc.), corporate opportunities, indemnity arrangements, registration rights and sales or distributions by RCG, BA Alpine Holdings, Inc. or their respective affiliates of Cowen Class A common stock. Cowen's amended and restated certificate of incorporation and by-laws do not contain any provisions designed to facilitate resolution of actual or potential conflicts of interest, or to ensure that potential business opportunities that may become available to BA Alpine Holdings, Inc. and Cowen will be reserved for or made available to the combined company. Pertinent provisions of law will govern any such matters if they arise.

**Risks Affecting the Companies Related to the Financial Services Industry**

***Volatility in the value of Cowen's and LaBranche's respective investment and securities portfolios or other assets and liabilities could adversely affect the financial condition or operations of Cowen following the merger.***

LaBranche and Cowen adopted the provisions of ASC 820: Fair Value Measurements and Disclosure (which we refer to as ASC 820) on January 1, 2008. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a framework for measuring fair

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value and a valuation hierarchy based upon the transparency of inputs used in the valuation of an asset or liability. Changes in fair value are reflected in the statement of operations at each measurement period. Therefore, continued volatility in the value of Cowen's and LaBranche's respective investment and securities portfolios or other assets and liabilities, including funds, will result in volatility of the combined firm's results. As a result, the changes in value may have an adverse effect on financial condition or operations in the future.

**Other Risk Factors of LaBranche and Cowen**

Cowen's and LaBranche's businesses are and will be subject to the risks described above. In addition, LaBranche and Cowen are, and will continue to be, subject to the risks described in Cowen's and LaBranche's Annual Reports on Form 10-K for the fiscal year ended December 31, 2010, as updated by subsequent Quarterly Reports on Form 10-Q, all of which are filed with the SEC and incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 143 for the location of information incorporated by reference in this joint proxy statement/prospectus.

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**THE COMPANIES**

**LaBranche & Co Inc.**

LaBranche & Co Inc., a Delaware corporation, is the parent corporation of LaBranche Structured Holdings, Inc., the holding company for a group of entities that are market-makers in options and exchange-traded funds, or "ETFs," traded on various exchanges, both domestically and internationally. Historically, and for part of the first quarter of 2011, LaBranche's business principally operated in two separate segments: the market-making segment and the institutional brokerage segment. The entities within LaBranche's market-making segment are market-makers on the NYSE Amex Exchange, the NYSE Arca Exchange, the NYBOT and other exchanges domestically and are market-makers on the London Stock Exchange and Euronext and Eurex exchanges, as well as on other exchanges and markets internationally. Prior to the sale of LaBranche's New York Stock Exchange designated market maker business on January 22, 2010, LaBranche was also one of the largest specialists/designated market makers on the New York Stock Exchange. As of December 31, 2010, LaBranche's market-making segment was comprised of market makers for 265 ETFs and 295 options. LaBranche's institutional brokerage segment began the process of winding down its business activities in the first quarter of 2011. Previously, the institutional brokerage segment provided securities execution services to institutional clients and professional traders.

LaBranche's common stock is traded on the New York Stock Exchange under the symbol "LAB."

The principal executive offices of LaBranche are located at 33 Whitehall Street, New York, NY 10004 and its telephone number is (212) 425-1144. Additional information about LaBranche and its subsidiaries is included in documents incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information" on page 143.

**Cowen Group, Inc.**

Cowen Group, Inc., a Delaware corporation, is a diversified financial services firm and, together with its consolidated subsidiaries, provides alternative investment management, investment banking, research, and sales and trading services through its two business segments: alternative investment management and broker-dealer. The alternative investment management segment includes hedge funds, replication products, mutual funds, managed futures funds, fund of funds, real estate, healthcare royalty funds, and cash management services offered primarily under the Ramius name. The broker-dealer segment offers industry focused investment banking for growth-oriented companies including advisory and global credit markets origination and domain knowledge-driven research and a sales and trading platform for institutional investors, primarily under the "Cowen" name.

Cowen's common stock is traded on the NASDAQ Global Select Market under the symbol "COWN."

The principal executive offices of Cowen are located at 599 Lexington Avenue, New York, NY 10022 and its telephone number is (212) 845-7900. Additional information about Cowen and its subsidiaries is included in documents incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information" on page 143.

**Louisiana Merger Sub, Inc.**

Louisiana Merger Sub, Inc., a wholly owned subsidiary of Cowen Group, Inc., is a Delaware corporation that was formed on February 11, 2011 for the sole purpose of effecting the merger. In the merger, Louisiana Merger Sub, Inc. will be merged with and into LaBranche, with LaBranche continuing as the surviving corporation.



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**Louisiana Merger Sub, LLC**

Louisiana Merger Sub, LLC, a wholly owned subsidiary of Cowen Group, Inc., is a Delaware limited liability company that was formed on February 14, 2011. Immediately following the merger, LaBranche will be merged with and into Louisiana Merger Sub, LLC, with Louisiana Merger Sub, LLC continuing as the surviving company.

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**THE LABRANCHE SPECIAL MEETING**

This section contains information about the special meeting of LaBranche stockholders that has been called to consider and approve the matters listed below.

Together with this document you will be sent a notice of the special meeting and a form of proxy that is solicited by LaBranche's board of directors. The LaBranche special meeting will be held at the Down Town Association, 60 Pine Street, New York, New York 10005 on June 15, 2011, at 9:00 a.m., local time.

**Matters to Be Considered**

At the LaBranche special meeting, LaBranche stockholders will be asked to consider and vote on:

the proposal to approve and adopt the merger agreement and adopt the merger; and

the proposal to adjourn the LaBranche special meeting, if necessary and appropriate, to solicit additional proxies if there are not sufficient votes to approve the foregoing proposal.

**Proxies**

Each copy of this document mailed to holders of LaBranche common stock is accompanied by a form of proxy with instructions for voting by mail, by telephone or through the internet. If you hold stock in your name as a stockholder of record and are voting by mail, you should complete and return the proxy card accompanying this document to ensure that your vote is counted at the LaBranche special meeting, or at any adjournment or postponement of the special meeting, regardless of whether or not you plan to attend the LaBranche special meeting. You may also vote your shares by telephone or through the internet. Information and applicable deadlines for voting by telephone or through the internet are set forth in the enclosed proxy card instructions.

If your shares are held in "street name" through a broker, bank or other nominee, you may change your vote by submitting new voting instructions to your broker, bank or nominee in accordance with its established procedures. If your shares are held in the name of a broker, bank or other nominee and you decide to change your vote by attending the special meeting and voting in person, your vote in person at the special meeting will not be effective unless you have obtained and present an executed proxy issued in your name from the record holder (your broker, bank or nominee).

If you are the record holder of stock, you can change your vote or revoke your proxy at any time before your proxy is voted at the special meeting. You can do this by timely delivering a signed written notice of revocation to the Secretary of LaBranche, timely delivering a new, valid proxy bearing a later date by submitting instructions through the internet, by telephone or by mail as described on the proxy card or attending the LaBranche special meeting and voting in person, which will automatically cancel any proxy previously given, or you can revoke your proxy in person.

A registered stockholder may revoke a proxy by any of these methods, regardless of the method used to deliver the stockholder's previous proxy, but simply attending the LaBranche special meeting without voting will not revoke any proxy that you have previously given or change your vote.

Written notices of revocation and other communications with respect to the revocation of proxies should be addressed as follows:

LaBranche & Co Inc.  
33 Whitehall Street  
New York, New York 10004  
Attention: Secretary

If your shares are held in street name by a bank or broker, you should follow the instructions of your bank or broker regarding the revocation of proxies.



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All shares represented by properly executed, valid proxies received in time for the LaBranche special meeting will be voted at the meeting in the manner specified by the stockholders giving those proxies. **Properly executed proxies that do not contain voting instructions will be voted "FOR" the proposal to approve and adopt the merger agreement and adopt the merger and "FOR" the proposal to adjourn the LaBranche special meeting, if necessary, to solicit additional proxies.** Only shares affirmatively voted for the proposal, and properly executed proxies that do not contain voting instructions, will be counted as favorable votes for the proposal to adopt the merger agreement.

**Solicitation of Proxies**

In accordance with the merger agreement, LaBranche will pay its own cost of soliciting proxies, including the cost of mailing this proxy statement, from its stockholders, except that LaBranche and Cowen will share equally all expenses incurred in connection with the filing of the registration statement of which this document forms a part with the SEC and the printing and mailing of this document. In addition to solicitation by use of the mails, proxies may be solicited by LaBranche's directors, officers and employees in person or by telephone or other means of communication. These persons will not receive additional compensation, but may be reimbursed for reasonable out-of-pocket expenses in connection with this solicitation. LaBranche has retained the services of Morrow & Co., LLC to assist in the solicitation of proxies for an estimated fee of \$7,500 plus out-of-pocket expenses. LaBranche will make arrangements with brokerage houses, custodians, nominees and fiduciaries to forward proxy solicitation materials to beneficial owners of shares held of record by them. LaBranche will also reimburse these brokerage houses, custodians, nominees and fiduciaries for their reasonable expenses incurred in forwarding the proxy materials.

**Record Date**

Only holders of record of LaBranche common stock at the close of business on May 4, 2011, the record date for LaBranche's special meeting, will be entitled to notice of, and to vote at, LaBranche's special meeting or any adjournments or postponements thereof. At the close of business on the record date, 40,931,997 shares of LaBranche common stock were outstanding and held by 48 holders of record. These shares do not include shares of LaBranche's common stock held in LaBranche's treasury, which are not deemed to be outstanding and are not entitled to vote at the LaBranche special meeting.

**Quorum**

No business may be transacted at the special meeting unless a quorum is present. Attendance in person or by proxy at the special meeting of holders of record of a majority of the shares of LaBranche's capital stock issued and outstanding and entitled to vote thereat will constitute a quorum. If a quorum is not present, or if fewer shares of LaBranche common stock are voted in favor of the proposal to approve and adopt the merger agreement and approve the merger than the number required for its approval and adoption, the special meeting may be adjourned to allow additional time for obtaining additional proxies or votes.

Abstentions (shares of LaBranche common stock for which proxies have been received but for which the holders have abstained from voting) and broker non-votes will be included in the calculation of the number of shares of LaBranche common stock represented at the special meeting for purposes of determining whether a quorum has been achieved.

If it is necessary or appropriate to solicit additional proxies if there are not sufficient votes to approve the proposal to approve and adopt the merger agreement and approve the merger, the LaBranche stockholders, by the affirmative vote of holders of a majority of the outstanding shares of LaBranche common stock present in person or represented by proxy at the LaBranche special meeting and entitled to vote, whether or not a quorum is present, may adjourn the meeting to another time or place without notice other than announcement at the meeting unless the adjournment is for more than

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30 days or if after the adjournment a new record date is fixed for the adjourned meeting, in which case a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

**Vote Required**

Holders of record of LaBranche common stock on the record date are entitled to one vote per share at the special meeting on each proposal. Each of the proposals has the following vote requirement in order to be approved:

approval of the proposal to adopt and approve the merger agreement and approve the merger requires the affirmative vote of the holders of a majority of the outstanding shares of LaBranche common stock; and

the proposal to adjourn the LaBranche special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the foregoing proposal requires the affirmative vote of the holders of a majority of the outstanding shares of LaBranche common stock present in person or represented by proxy at the LaBranche special meeting even if less than a quorum.

Abstentions, failures to submit a proxy card or vote in person and broker non-votes will be treated in the following manner with respect to determining the votes received for each of the proposals:

an abstention, failure to submit a proxy card or vote in person or a broker non-vote will be treated as a vote "AGAINST" the proposal to approve and adopt the merger agreement and approve the merger;

an abstention will be treated as a vote "AGAINST" the proposal to approve any adjournment of the LaBranche special meeting; and

a failure to submit a proxy card or vote in person or a broker non-vote will have no effect on the proposal to approve any adjournment of the LaBranche special meeting.

**LaBranche's board of directors urges LaBranche stockholders to promptly vote by completing, dating and signing the accompanying proxy card and returning it promptly in the enclosed postage-paid envelope; calling the toll-free number listed in the proxy card instructions if voting by telephone; or accessing the internet site listed in the proxy card instructions if voting through the internet.** If you hold your stock in street name through a bank or broker, please vote by following the voting instructions of your bank or broker.

Stockholders may also vote at the LaBranche special meeting by ballot. Votes cast at the meeting, in person or by proxy, will be tallied by Morrow & Co., LLC, LaBranche's inspector of election.

At the close of business on the record date for the LaBranche special meeting, 40,931,997 shares of LaBranche common stock were issued and outstanding, approximately 12.5% of which were owned and entitled to be voted by George M.L. LaBranche, IV (Chairman, Chief Executive Officer and President of LaBranche), Alfred O. Hayward, Jr. (Executive Vice President of LaBranche) and William J. Burke, III (Chief Operating Officer of LaBranche). In connection with the execution of the merger agreement, Cowen entered into a voting agreement with Messrs. LaBranche, Hayward and Burke, pursuant to which each individual agreed to vote all shares of LaBranche common stock owned by that individual at the time of the LaBranche special meeting in favor of approval and adoption of the merger agreement and approval of the merger. In addition, Messrs. LaBranche and Hayward will direct the parties to the LaBranche stockholders' agreement to vote all of their shares in favor of approval and adoption of the merger agreement and approval of the merger. Collectively, at the close of business on the record date for the LaBranche special meeting, Messrs. LaBranche, Burke and

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Hayward and the parties to the LaBranche stockholders' agreement held approximately 14.7% of the outstanding shares of LaBranche common stock.

**Voting Power of LaBranche's Directors and Executive Officers**

At the close of business on the LaBranche record date, directors and executive officers of LaBranche and their affiliates were entitled to vote 5,328,594 shares of LaBranche common stock, or approximately 13.0% of the shares of LaBranche common stock outstanding on that date.

Three of LaBranche's directors and executive officers, George M.L. LaBranche IV, William J. Burke, III and Alfred O. Hayward, Jr., have entered into a voting agreement with Cowen pursuant to which they have agreed to, among other things, vote all of their shares in favor of approval and adoption of the merger agreement and approval of the merger. In addition, Messrs. LaBranche and Hayward have agreed to direct the parties to the LaBranche stockholders' agreement to vote all of their shares in favor of approval and adoption of the merger agreement and approval of the merger. Collectively, at the close of business on the record date for the LaBranche special meeting, Messrs. LaBranche, Burke and Hayward and the parties to the LaBranche stockholders' agreement held approximately 14.7% of the outstanding shares of LaBranche common stock. LaBranche currently expects that LaBranche's remaining directors and executive officers, who are not party to the voting agreement, will vote their shares in favor of the proposal to adopt the merger agreement, although none of them has entered into any agreement obligating them to do so. See the section entitled "Voting Agreements LaBranche Voting Agreement" beginning on page 110.

**Recommendation of LaBranche's Board of Directors**

The LaBranche board of directors has unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of LaBranche and its stockholders. The LaBranche board of directors unanimously recommends that LaBranche stockholders vote "FOR" the proposal to approve and adopt the merger agreement and approve the merger and "FOR" the adjournment of the special meeting, if necessary to solicit additional proxies if there are not sufficient votes to approve and adopt the merger agreement and approve the merger at the time of the special meeting. See "The Merger LaBranche Reasons for the Merger; Recommendation of LaBranche's Board of Directors" beginning on page 64 of this joint proxy statement/prospectus.

**Attending the LaBranche Special Meeting**

All holders of LaBranche common stock, including stockholders of record and stockholders who hold their shares through banks, brokers or other nominee, are invited to attend the LaBranche special meeting. Stockholders of record can vote in person at the special meeting. If you are not a stockholder of record, you must obtain a proxy executed in your favor from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership and you must bring a form of personal photo identification with you to be admitted. LaBranche reserves the right to refuse admittance to anyone without proper proof of share ownership and without proper photo identification.

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**THE COWEN SPECIAL MEETING**

This section contains information about the special meeting of Cowen stockholders that has been called to consider and approve the Cowen stock issuance.

Together with this document you will be sent a notice of the special meeting and a form of proxy that is solicited by Cowen's board of directors. The Cowen special meeting will be held at The InterContinental The Barclay, Park Avenue Room, 111 East 48th Street, New York, New York 10017 on June 15, 2011, at 3:00 p.m., local time.

**Matters to Be Considered**

The purpose of the Cowen special meeting is to vote on:

a proposal to approve the Cowen stock issuance; and

a proposal to approve the adjournment of the special meeting, if necessary, to solicit additional proxies, if there are not sufficient votes at the time of the special meeting to approve the foregoing proposal.

**Proxies**

Each copy of this document mailed to holders of Cowen Class A common stock is accompanied by a form of proxy with instructions for voting by mail, by telephone or through the internet. If you hold stock in your name as a stockholder of record and are voting by mail, you should complete and return the proxy card accompanying this document to ensure that your vote is counted at the Cowen special meeting, or at any adjournment or postponement of the special meeting, regardless of whether or not you plan to attend the Cowen special meeting. You may also vote your shares by telephone or through the internet. Information and applicable deadlines for voting by telephone or through the internet are set forth in the enclosed proxy card instructions.

If you hold your stock in street name through a bank, broker, trust company or other nominee, you must direct your bank, broker, trust company or other nominee to vote in accordance with the instructions you have received from your bank, broker, trust company or other nominee.

If you hold stock in your name as a stockholder of record, you may revoke any proxy at any time before it is voted at the special meeting by signing and returning a proxy card with a later date by internet or telephone before the deadline stated on the proxy card, by delivering a proxy card with a later date or a written notice of revocation to Cowen's corporate secretary, which must be received by us before the time of the special meeting, or by voting in person at the special meeting.

Any stockholder entitled to vote in person at the Cowen special meeting may vote in person regardless of whether or not a proxy has been previously given, but simply attending the Cowen special meeting will not constitute revocation of a previously given proxy.

Written notices of revocation and other communications about revoking your proxy should be addressed to:

Cowen Group, Inc.  
599 Lexington Avenue  
New York, New York 10022  
Attention: Owen S. Littman, General Counsel and Corporate Secretary

If your shares are held in street name by a bank or broker, you should follow the instructions of your bank or broker regarding the revocation of proxies.

All shares represented by valid proxies that are received through this solicitation, and that are not revoked, will be voted in accordance with your instructions on the proxy card or as instructed via the





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internet or telephone. **If you make no specification on your proxy card as to how you want your shares voted, your proxy will be voted "FOR" the approval of the Cowen stock issuance and "FOR" the proposal to approve the adjournment of the special meeting, if necessary, to solicit additional proxies.** According to the Cowen amended and restated by-laws, only such business that is specified in Cowen's notice of the meeting may be conducted at a special meeting of stockholders.

**Solicitation of Proxies**

In accordance with the merger agreement, Cowen will bear the entire cost of proxy solicitation for the Cowen special meeting, except that LaBranche and Cowen will share equally all expenses incurred in connection with the filing of the registration statement of which this document forms a part with the SEC and the printing and mailing of this document. Cowen has retained MacKenzie Partners, Inc. to aid in the solicitation of proxies for a fee of \$30,000 plus out-of-pocket expenses. If necessary, Cowen may use several of its regular employees, who will not be specially compensated, to solicit proxies from Cowen stockholders, either personally or by telephone, facsimile, letter or other electronic means. Cowen will also request that banks, brokers, and other record holders forward proxies and proxy material to the beneficial owners of Cowen common stock and secure their voting instructions and Cowen will provide customary reimbursement to such firms for the cost of forwarding these materials.

**Record Date**

The close of business on May 4, 2011 has been fixed as the record date for determining the Cowen stockholders entitled to receive notice of and to vote at the Cowen special meeting. At that time, 75,665,037 shares of Cowen Class A common stock were outstanding, held by approximately 47 holders of record.

**Quorum**

Stockholders who hold shares representing at least a majority of the issued and outstanding shares entitled to vote at the Cowen special meeting must be present in person or represented by proxy to constitute a quorum for the transaction of business at the Cowen special meeting. The holders of a majority of the shares entitled to vote and present in person or represented by proxy at the Cowen special meeting, whether or not a quorum is present, may adjourn the Cowen special meeting to another time and place. At any adjourned meeting at which a quorum shall be present, any business may be transacted that might have been transacted at the original meeting. Notice of any adjourned meeting need not be given except by announcement at the meeting.

Abstentions and broker non-votes will be included in the calculation of the number of shares of Cowen Class A common stock represented at the special meeting for purposes of determining whether a quorum has been achieved.

**Vote Required**

Each share of Cowen Class A common stock outstanding on the record date for the Cowen special meeting entitles the holder to one vote on each matter to be voted upon at the Cowen special meeting. Each of the proposals has the following vote requirement in order to be approved:

approval of the Cowen stock issuance requires the affirmative vote of holders of a majority of the outstanding shares of Cowen Class A common stock present in person or represented by proxy at the Cowen special meeting and entitled to vote on the proposal; and

approval of the proposal to adjourn the Cowen special meeting, if necessary, to solicit additional proxies requires the affirmative vote of holders of a majority of all shares of Cowen Class A common stock present in person or represented by proxy at the Cowen special meeting, even if less than a quorum.

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Abstentions, failures to submit a proxy card or vote in person and broker non-votes will be treated in the following manner with respect to determining the votes received for each of the proposals:

an abstention will be treated as a vote "AGAINST" the proposal to approve the issuance the Cowen stock issuance and the proposal to approve any adjournment of the Cowen special meeting;

a failure to submit a proxy card or vote in person or a broker non-vote will have no effect on the proposal to approve the Cowen stock issuance; and

a failure to submit a proxy card or vote in person or a broker non-vote will have no effect on the proposal to approve any adjournment of the Cowen special meeting.

**Cowen's board of directors urges Cowen stockholders to promptly vote by completing, dating and signing the accompanying proxy card and returning it promptly in the enclosed postage-paid envelope; calling the toll-free number listed in the proxy card instructions if voting by telephone; or accessing the internet site listed in the proxy card instructions if voting through the internet.** If you hold your stock in street name through a bank or broker, please vote by following the voting instructions of your bank or broker.

Stockholders may also vote at the Cowen special meeting by ballot. Votes cast at the meeting, in person or by proxy, will be tallied by Computershare, Cowen's inspector of election.

At the close of business on the record date for the Cowen special meeting, 75,665,037 shares of Cowen Class A common stock were issued and outstanding, approximately 43.1% of which were owned and entitled to be voted by RCG. In connection with the execution of the merger agreement, LaBranche entered into a voting agreement with RCG, pursuant to which RCG agreed to vote all of its shares of Cowen Class A common stock in favor of the Cowen stock issuance.

**Voting Power of Cowen's Directors and Executive Officers**

On the record date for the Cowen special meeting, the directors and executive officers of Cowen and their affiliates owned and were entitled to vote 33,031,574 shares of Cowen's Class A common stock, representing 43.7% of the outstanding Cowen Class A common stock.

**Recommendation of Cowen's board of directors**

Cowen's board of directors has unanimously approved the merger agreement and the transactions it contemplates, including the Cowen stock issuance. Cowen's board of directors has determined that the merger agreement and the transactions contemplated by it, including the Cowen stock issuance, are advisable and in the best interests of Cowen and its stockholders and unanimously recommends that you vote "FOR" the approval of the Cowen stock issuance and "FOR" the proposal to approve the necessary adjournment of the Cowen special meeting, if necessary, to solicit additional proxies. See the section titled "The Merger Cowen's Reasons for the Merger; Recommendation of Cowen's board of directors" beginning on page 78 for a more detailed discussion of Cowen's board of directors' recommendation.

**Attending the Cowen Special Meeting**

All holders of Cowen Class A common stock, including stockholders of record and stockholders who hold their shares through banks, brokers or other nominee, are invited to attend the Cowen special meeting. Stockholders of record can vote in person at the special meeting. If you are not a stockholder of record, you must obtain a proxy executed in your favor from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership and you must bring a form of personal photo identification with you to be admitted. Cowen reserves the right to refuse admittance to anyone without proper proof of share ownership and without proper photo identification.

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**THE MERGER**

**Effects of the Merger**

At the effective time of the merger, Merger Sub, a wholly owned subsidiary of Cowen that was formed for the purpose of effecting the merger, will merge with and into LaBranche, with LaBranche surviving the merger and becoming a wholly owned subsidiary of Cowen. Immediately following the effective time of the merger, Cowen shall cause LaBranche to be merged with and into Merger Sub LLC, a wholly owned subsidiary of Cowen, with the separate corporate existence of LaBranche ceasing and Merger Sub LLC continuing as the surviving company.

In the merger, each outstanding share of LaBranche common stock (other than any shares owned by LaBranche, which shares will be cancelled) will be converted into the right to receive 0.9980 shares of Cowen Class A common stock, with cash paid in lieu of fractional shares. This exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to the closing of the merger. Based on the closing price of Cowen Class A common stock on the NASDAQ Global Select Market on February 16, 2011, the last trading day before public announcement of the merger, the exchange ratio represented approximately \$4.71 in value for each share of LaBranche common stock. Based on the closing price of Cowen Class A common stock on May 3, 2011, the latest practicable trading day before the date of this joint proxy statement/prospectus, the exchange ratio represented approximately \$4.00 in value for each share of LaBranche common stock. Cowen stockholders will continue to hold their existing Cowen shares.

**Background of the Merger**

The board of directors of LaBranche (which we refer to as the LaBranche Board) has from time to time in recent years reviewed and evaluated potential strategic alternatives with LaBranche's senior management, including, but not limited to, possible business combination transactions, LaBranche's standalone business plan and prospects, and potential and implemented stock repurchase plans.

For the substantial majority of LaBranche's history, LaBranche operated as a cash equity specialist on the New York Stock Exchange through its subsidiary, LaBranche & Co. LLC. Until 2002, substantially all of LaBranche's revenues and profits were generated by this specialist business. In 2002, LaBranche formed LaBranche Structured Products, LLC to engage as a specialist in options and derivative products such as ETFs on the American Stock Exchange. In 2004, LaBranche also formed LaBranche Structured Products Specialists LLC to engage as a specialist in ETFs listed on the New York Stock Exchange. This generated revenues in businesses that utilized LaBranche's trading and market expertise while diversifying LaBranche's business away from its core cash equity specialist business on the New York Stock Exchange. Over the course of the next several years, LaBranche's cash equity specialist business was adversely impacted by changes to the market structure of the New York Stock Exchange and an increase in stocks being traded on multiple exchanges and electronically in the over-the-counter market and through alternative trading systems or "ATs". LaBranche's cash equity specialist business also was adversely impacted by declining trading volumes and declining volatility of stock prices, by increased program trading as a percentage of total New York Stock Exchange average daily share volume, and by the decimalization of stock prices, all of which resulted in smaller orders being executed and reduced opportunities for profit by specialists. Block-trading strategies became less prevalent on the New York Stock Exchange, and this also reduced the number of transactions in which the cash equity specialists participated and opportunities for profit. Changes in investor behavior from concentration on individual stocks to alternatives such as sector and index trading, as well as ETFs, also reduced the number of transactions in which cash equity specialists participated and opportunities for profit.

LaBranche accordingly sought to further diversify its businesses away from cash equities and internationally and to expand its market-making businesses in options, futures and ETFs. Therefore, in

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2005, LaBranche formed LaBranche Structured Products Europe Limited and LaBranche Structured Products Hong Kong Limited to engage in market-making in ETFs in international markets. By the third quarter of 2007, LaBranche began to generate more revenue from its options and ETFs activities, domestically and abroad, than its New York Stock Exchange cash equity specialist business. Commencing in 2008, in an effort to further diversify its business, LaBranche sought to grow its institutional brokerage business by making key hires of sales and position traders and increasing market trading in over-the-counter and pink sheets securities and expanding the menu of its institutional brokerage services into leveraged loans, fixed income securities and options execution services to meet the needs and provide more diverse products to its institutional customers. Temporary increases in revenues followed, but LaBranche's institutional brokerage business generated losses due to larger operating costs (including trading costs) and costs related to expanding infrastructure.

In May 2007, the LaBranche Board engaged a mergers and acquisitions advisory and strategic management consulting firm focused on the financial services industry (which we refer to as the Strategic Advisor) to conduct a review of strategic alternatives, including, without limitation, to seek other businesses in which LaBranche could become engaged in order to further leverage its market making expertise and to seek third parties with whom LaBranche could enter into a merger, acquisition or sale transaction that would benefit LaBranche and its stockholders. A number of parties expressed preliminary interest in a potential transaction (in some cases involving only LaBranche's New York Stock Exchange specialist division), but no expression of interest (for either LaBranche or the New York Stock Exchange specialist division) was received at a level the LaBranche Board believed was adequate. In December 2007, the LaBranche Board determined to focus on LaBranche's continuing businesses and cease its strategic alternatives process with the Strategic Advisor. For the fiscal year ended December 31, 2007, LaBranche suffered a U.S. GAAP net loss of \$350.5 million, which included non-cash charges related to the impairment of LaBranche's goodwill and stock listing rights of \$164.1 million and \$335.3 million, respectively.

In 2008, other than a small number of informal expressions of interest by third parties, no new strategic alternatives came to LaBranche's attention. LaBranche's options market-making business had its best year since it commenced operations in 2002, but LaBranche suffered a U.S. GAAP net loss of \$66 million for the fiscal year ended December 31, 2008, which included an unrealized loss on LaBranche's shares of NYSE Euronext, Inc. of \$181.2 million.

In 2009, LaBranche's options market-making business generated significant losses. LaBranche's New York Stock Exchange cash equity specialist business (which in late 2008 and early 2009 moved to the designated market maker or "DMM" model put in place by the New York Stock Exchange at that time) continued to dwindle and, although still profitable, did not generate the profits required to support the public company costs of LaBranche and the payment of interest on LaBranche's outstanding indebtedness. For the fiscal year ended December 31, 2009, LaBranche suffered a U.S. GAAP net loss of \$97.8 million, which included non-cash charges of \$87.6 million related to the impairment of LaBranche's goodwill. During 2009, the LaBranche Board continued to consider strategic alternatives, including remaining a stand-alone company with significantly reduced business activities (including the possibility of disposing of its New York Stock Exchange cash equity specialist business in order to free LaBranche from the significant capital requirements that business imposed on LaBranche), repurchasing all of its remaining indebtedness, repurchasing stock, entering into a transaction with an interested third party if an interested third party could be located, and liquidation.

In November 2009, Barclays Capital Inc., a division of Barclays Bank PLC (which we refer to as Barclays), approached LaBranche regarding a possible strategic relationship involving LaBranche & Co. LLC's DMM operations. These initial discussions evolved into discussions regarding the possible sale of LaBranche & Co. LLC's New York Stock Exchange DMM operations and all of its net DMM positions to Barclays, and ultimately resulted in an asset sale transaction that was announced and completed in January 2010 (which we refer to as the Barclays Transaction). LaBranche received

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\$25 million from the sale transaction plus the value of its net positions in the business. LaBranche also retained approximately \$76 million in cash that had been used to fund its net liquid asset and regulatory capital requirements as a DMM firm.

Following the consummation of the Barclays Transaction, LaBranche focused its business on its market-making operations in ETFs, equity options, foreign currency options and futures, both domestically and internationally, and its institutional brokerage business that provides securities execution, fixed income and other brokerage services to institutional investors. At the same time, LaBranche used available cash, as well as some of the cash released from its net liquid asset and regulatory capital requirements following the Barclays Transaction, to redeem all of its remaining indebtedness, thereby terminating its obligations under the indenture governing its indebtedness and releasing LaBranche from approximately \$21 million of interest payments per year in connection with the indebtedness. LaBranche also continued to repurchase its outstanding capital stock under its Board-authorized repurchase plan.

As 2010 continued, LaBranche's options market-making business continued to generate losses due to continued changes in market structure, widening spreads and the overall unsuccessful trading strategies in that business. LaBranche's foreign currency options market-making, international ETF market making and global derivatives arbitrage trading business generated profits, but these profits were not sufficient to offset the losses of the options market-making business. For the fiscal year ended December 31, 2010, LaBranche suffered an after-tax net loss of \$62.4 million, which included a \$41.7 million non-cash charge for a valuation allowance on LaBranche's deferred tax assets.

During the period from June 2010 through February 16, 2011, senior management of LaBranche and the LaBranche Board continued to discuss and explore alternatives available to LaBranche, including, without limitation, reducing LaBranche's business and portfolio in the trading activities that continued to be unsuccessful and cutting expenses, and instead focusing on the businesses that represented the best opportunities to profit. The LaBranche Board determined that these initiatives would be in the best interests of LaBranche and implemented these measures to improve LaBranche's results and also put it in a better position to consider other business opportunities, including attracting a potential suitor to acquire LaBranche or entering into another business combination transaction.

In mid-August 2010, one of LaBranche's largest stockholders asked George M.L. LaBranche, IV, LaBranche's Chairman, Chief Executive Officer and President, if the stockholder could give Mr. LaBranche's contact information to representatives at Cowen who had made inquiries to the stockholder, which is unaffiliated with Cowen, about LaBranche's business. Mr. LaBranche authorized the stockholder to do so. A short time later, Mr. LaBranche received a call from Jeffrey Solomon, Chief Operating Officer and Head of Investment Banking of Cowen. During that call, Messrs. LaBranche and Solomon agreed that Mr. Solomon would come to LaBranche's offices for an introductory meeting with Mr. LaBranche. On or about September 1, 2010, Mr. Solomon, John O'Donohue, Cowen's Head of Sales and Trading, and Thomas O'Mara, Cowen's Head of Equity Derivatives and Convertibles, met with Mr. LaBranche and William J. Burke, III, LaBranche's Chief Operating Officer, at LaBranche's offices for the purpose of learning about one another's business. No strategic business combination was discussed at this meeting. Mr. LaBranche informed Alfred O. Hayward, Jr., a member of the LaBranche Board and Executive Vice President of LaBranche, and each of LaBranche's three outside directors, Katherine Elizabeth Dietze, Donald E. Kiernan and Stuart M. Robbins, concerning this meeting and sought their views and guidance regarding the initial meeting with Cowen.

On September 8, 2010, Messrs. LaBranche, Hayward and Burke went to Cowen's offices and met Peter A. Cohen, Chairman and Chief Executive Officer of Cowen, Mr. Solomon, and Thomas W. Strauss, Chief Executive Officer and President of Ramius LLC, a subsidiary of Cowen (which we refer to as Ramius). On September 30, 2010, LaBranche entered into a confidentiality agreement with Cowen to facilitate Cowen's providing certain information about its business to LaBranche. On

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September 30, 2010 and October 12, 2010, Messrs. LaBranche, Hayward and Burke attended a second meeting at Cowen's offices, during which members of senior management and business heads of Cowen and Ramius made presentations to Messrs. LaBranche, Burke and Hayward about Cowen's businesses. Mr. LaBranche informed each of LaBranche's outside directors concerning these meetings and sought their views and guidance regarding the subjects being discussed with Cowen.

During approximately the same period of time (July to October 2010), Mr. LaBranche met a number of times with the senior management of a small unaffiliated brokerage firm (which we refer to as Party A), which had approached one of LaBranche's outside directors in July 2010 and inquired whether LaBranche would be interested in purchasing it. Mr. LaBranche informed each of LaBranche's outside directors concerning these meetings and sought their views and guidance regarding the subjects being discussed with Party A.

Also on October 12, 2010, Mr. Cohen and Mr. LaBranche met to further discuss a potential strategic transaction. On October 13, 2010, at a regularly scheduled meeting of the LaBranche Board, the LaBranche Board discussed Mr. LaBranche's conversations with Cowen and Party A. The LaBranche Board discussed Cowen and Party A, the strategic rationale behind a transaction with either Cowen or Party A, as well as other possible strategic alternatives in light of LaBranche's unsuccessful attempts to locate potential acquirors or strategic partners willing to express interest at a level the LaBranche Board believed was adequate. The LaBranche Board authorized management to continue the preliminary discussions that had begun with Cowen and directed management to terminate the preliminary discussions that had begun with Party A due, in part, to the lack of a strategic fit between LaBranche and Party A. Mr. Cohen and Mr. LaBranche had follow up telephone conversations on October 21, 2010 and October 22, 2010 to discuss a potential strategic transaction.

On October 28, 2010, members of Cowen and LaBranche senior management met and continued preliminary discussions regarding a possible strategic relationship. Also on October 28, 2010, LaBranche and Cowen executed a confidentiality agreement to facilitate the mutual exchange of information between LaBranche and Cowen, which superseded the confidentiality agreement entered into on September 30, 2010. General business information and financial results of each of Cowen and LaBranche were exchanged beginning on October 28, 2010.

On November 3, 2010, a telephonic meeting of the audit committee of the LaBranche Board was held with members of LaBranche senior management. The audit committee is comprised of all of the outside directors that serve on the LaBranche Board. A representative of Weil, Gotshal & Manges LLP (which we refer to as Weil), regular counsel to the LaBranche Board, was present. During this meeting, Mr. LaBranche updated LaBranche's outside directors concerning, and answered questions regarding, LaBranche's efforts to streamline its business activities and reduce its expense and LaBranche's continuing discussions with Cowen. Mr. LaBranche stated that discussions with Cowen remained in the initial stage and that he was unsure whether Cowen had any real interest in a transaction or relationship with LaBranche. Following discussion, LaBranche's outside directors authorized LaBranche management to continue discussions with Cowen, while continuing its business reduction and cost-cutting initiatives.

During the period from November 3, 2010 through November 30, 2010, Messrs. LaBranche and Cohen held a number of telephone conversations and met at Cowen's offices on November 18, 2010. During these telephone conversations and the November 18, 2010 meeting, Messrs. LaBranche and Cohen discussed the businesses of each of LaBranche and Cowen and the tax attributes of each company, including net operating losses that could be used by each company in the future. Messrs. LaBranche and Cohen also commenced discussions concerning a potential merger of LaBranche and Cowen based on the relative book values of LaBranche and Cowen at 2010 year-end. During this period, Mr. LaBranche informed each of LaBranche's outside directors concerning these discussions and sought their views and guidance regarding the subjects being discussed with Mr. Cohen. On November 19, 2010, based on these discussions and based on the LaBranche Board's view of the

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potential fit of the LaBranche and Cowen businesses, Mr. LaBranche called Mr. Cohen to inform Mr. Cohen that LaBranche was interested in moving forward with a strategic transaction with Cowen.

On November 29, 2010, Cowen sent a full documentary diligence request list to LaBranche, which was in addition to the materials Cowen had been obtaining from LaBranche on an ad hoc basis since October 28, 2010. LaBranche sent a preliminary diligence request list to Cowen on December 13, 2010, which was in addition to the materials LaBranche had been obtaining from Cowen. Each party and its advisors conducted due diligence with respect to the other party until the execution of the merger agreement on February 16, 2011, including ongoing due diligence by each party and their respective advisors into the business and operations of each party and certain contingencies, including ongoing litigation.

On November 30, 2010, members of Cowen and LaBranche senior management met to discuss LaBranche's businesses. During the meeting, LaBranche's management provided Cowen with its up-to-date and anticipated operating results on a consolidated basis and for each of LaBranche's business units and also provided Cowen with proposed business plans for each of its business lines going forward.

On December 1, 2010, the LaBranche Board held a special telephonic meeting, with members of LaBranche senior management and representatives of Weil present. Mr. LaBranche informed the LaBranche Board that Cowen had expressed interest during the parties' November 30, 2010 meeting in a possible merger transaction with LaBranche. The LaBranche Board discussed Cowen's business and future prospects, and the possibility of a merger of LaBranche and Cowen. The LaBranche Board authorized management to continue discussions with and its due diligence on Cowen and directed management to engage a financial advisor. Mr. LaBranche informed the LaBranche Board that he had had no discussions with Cowen concerning the role he or any other member of LaBranche's senior management would have in a combined entity in the event of a merger. LaBranche's outside directors each expressed the view that Mr. LaBranche should have an important role in any combined company in order to help obtain the benefits that the LaBranche Board sought to achieve in the proposed transaction and instructed Mr. LaBranche to communicate that view to Cowen.

On or about December 3, 2010, LaBranche agreed to engage Keefe, Bruyette & Woods, Inc. (which we refer to as KBW) to serve as its financial advisor in connection with its evaluation of a potential transaction with Cowen. A formal engagement letter with KBW was executed on January 7, 2011. LaBranche agreed to pay KBW a non-refundable cash fee of \$100,000 (which we refer to as the Retainer Fee) promptly after execution of the engagement letter and a fee of \$500,000 (which we refer to as the Opinion Fee) promptly upon delivery of the written fairness opinion, with \$50,000 of the Retainer Fee credited towards the Opinion Fee. None of KBW's compensation is contingent upon the completion of the merger.

On December 13, 2010, the LaBranche Board held a special telephonic meeting, with members of LaBranche's senior management present. Mr. LaBranche and other members of management briefed the LaBranche Board concerning the status of discussions with Cowen. The LaBranche Board also discussed the strategic alternatives and opportunities it had considered since 2007. The LaBranche Board also discussed and considered the possibility of liquidating given the declines in LaBranche's market making businesses discussed above and LaBranche's losses discussed above, or the continuation of operations on a stand alone basis but as an investment company or with significantly reduced business operations (taking into account LaBranche's public company costs). Following this discussion, the LaBranche Board authorized management to continue discussions with Cowen.

During the weeks of December 13, 2010 and December 20, 2010, Mr. LaBranche continued discussions with Mr. Cohen and other members of Cowen's senior management concerning LaBranche's fourth quarter results and anticipated reductions in LaBranche's balance sheet in connection with its options market-making portfolio. During these discussions, Mr. Cohen informed

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Mr. LaBranche of Cowen's interest in Messrs. LaBranche and Burke's employment with Cowen on terms to be discussed and determined at a later date. Representatives of each of LaBranche and Cowen continued to meet and exchange information in their respective due diligence processes, including exchanging trading and risk information as well as information concerning LaBranche's trading technologies. Mr. LaBranche continued to inform each of LaBranche's outside directors concerning these discussions and to seek their views and guidance regarding the subjects being discussed with Cowen.

On December 20, 2010, representatives of Cowen senior management provided LaBranche with a summary term sheet outlining the principal terms of a proposed merger (which we refer to as the Term Sheet). The Term Sheet provided, among other things, that (i) the exchange ratio would be based on the relative tangible book value of the companies, subject to certain adjustments and net of deferred tax assets (the Term Sheet did not include a specific exchange ratio), (ii) the stockholders of LaBranche would receive additional consideration in the form of freely-tradable warrants as compensation for the fair value of the tax benefits that Cowen believed it would be able to utilize over time (the Term Sheet did not include a value for the additional consideration to be provided in the form of warrants), (iii) two individuals designated by LaBranche would be appointed to the board of directors of Cowen and (iv) Messrs. LaBranche and Burke would become employees of Cowen, on terms to be determined (the Term Sheet did not state any terms).

Later on December 20, 2010, the LaBranche Board held a special telephonic meeting, with members of LaBranche senior management and representatives of KBW and Weil present. At this meeting, representatives of KBW presented their preliminary financial analyses of LaBranche and the proposed transaction, including the implied exchange ratio based on the tangible book value of the respective companies as of September 30, 2010 and the potential dilutive impact of Cowen's issuance of restricted stock units in connection with 2010 compensation. Mr. LaBranche informed the LaBranche Board that he had been told by Cowen that he would be offered employment and a seat on the Cowen board of directors and that Mr. Burke would be offered employment, but that no further specifics had been discussed concerning this subject. Following discussion, the LaBranche Board provided guidance to LaBranche senior management and authorized management to continue negotiations with Cowen, including with respect to Mr. LaBranche's and Mr. Burke's employment.

During the period from December 21, 2010 through December 28, 2010, Messrs. LaBranche and Cohen had several telephonic conversations concerning the exchange ratio in the proposed merger, proposed adjustments to the tangible book value of LaBranche reflecting Cowen's views concerning certain deferred tax assets, litigation matters and restructuring matters, and proposed adjustments to the tangible book value of Cowen for potential dilution to LaBranche stockholders resulting from outstanding and future restricted stock unit grants of Cowen. Messrs. Cohen and LaBranche also discussed removing the proposed warrant in order to have an exchange ratio based on the respective tangible book value of each company that would not be subject to any adjustment, which would provide more certainty regarding the value to be received by LaBranche stockholders in the proposed merger.

On December 29, 2010, representatives of Willkie Farr & Gallagher LLP (which we refer to as Willkie), counsel to Cowen, delivered an initial draft of the merger agreement to LaBranche and Weil. The initial draft of the merger agreement provided that, among other things, LaBranche would be required to pay a break-up fee to Cowen equal to 4% of the transaction value and reimburse Cowen's expenses (up to a cap of \$1,750,000) under certain circumstances and that Cowen's obligation to close the merger would be subject to LaBranche meeting certain unspecified financial tests related to LaBranche's net worth, cash balance, leverage and risk.

On January 5, 2011, the LaBranche Board held a special telephonic meeting, with members of LaBranche senior management and representatives of KBW and Weil present. The LaBranche Board discussed the proposed Cowen transaction in light of LaBranche's existing business plan as well as other strategic alternatives, including liquidation given the declines of LaBranche's market making



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business discussed above and LaBranche's losses discussed above. Representatives of Weil provided the LaBranche Board with an overview of their fiduciary duties under Delaware law in the context of a possible transaction with Cowen as well as an overview of the draft merger agreement, including, among other things, the closing conditions, no shop, fiduciary out and termination and break-up fee provisions. The LaBranche Board discussed the proposed exchange ratio and the status of due diligence. Mr. LaBranche informed the LaBranche Board that the discussion of the terms of his and Mr. Burke's employment with Cowen to date involved only expressions of interest and did not include any discussion of terms. LaBranche's outside directors each reiterated their previously expressed views that Mr. LaBranche should play an important role in the combined company and asked that steps be taken before any transaction is entered into to ensure that that would be the case in order to help obtain the benefits that the LaBranche Board sought to achieve in the proposed transaction referenced below under " LaBranche's Reasons for the Merger; Recommendation of LaBranche's Board of Directors". Following discussion, the LaBranche Board provided guidance to LaBranche senior management and authorized management to continue negotiations with Cowen.

On January 7, 2011, representatives of Weil delivered a revised draft of the merger agreement to Cowen and Willkie. The revised draft of the merger agreement delivered by Weil provided that, among other things, LaBranche would be required to pay a break-up fee to Cowen equal to 2% of the transaction value in certain circumstances, and, in each case, less any expenses reimbursed by LaBranche. The revised draft delivered by Weil also provided that Cowen's obligation to close the merger would not be subject to any type of financial test closing condition and that Cowen would be limited in its ability to issue equity between signing of the merger agreement and the closing of the merger.

On January 13, 2011, representatives of Weil and Willkie and members of senior management of LaBranche and Cowen met at Willkie's offices to discuss the draft merger agreement. During this meeting, the parties discussed, among other things, the financial test closing condition, the limitation on Cowen's ability to issue equity between signing of the merger agreement and closing, the termination provisions, the break-up fee and the proposed exchange ratio. Later on January 13, 2011, the LaBranche Board held a regularly scheduled meeting, with members of LaBranche senior management and representatives of KBW and Weil present. Members of LaBranche senior management provided the LaBranche Board with a report concerning the material financial terms of the transaction and the status of negotiations. Representatives of KBW provided an analysis of alternatives to the Cowen transaction, including a possible liquidation of LaBranche and return of capital to stockholders through a liquidating dividend (including the uncertainties associated with a possible liquidation such as runoff costs associated with winding down LaBranche's business, the loss of certain tax benefits and pending litigation claims) and the continuation of operations on a stand alone basis but as an investment company or with significantly reduced business operations. Representatives of KBW discussed the strategic alternatives considered by LaBranche since 2007 based on information provided to KBW by LaBranche. Representatives of Weil and members of LaBranche senior management provided the LaBranche Board a report on the meeting that took place earlier that day and a summary of the key issues discussed at that meeting. Following discussion, the LaBranche Board provided guidance to LaBranche senior management and authorized them to continue negotiations with Cowen.

On January 23, 2011, representatives of Willkie delivered a revised draft of the merger agreement and Cowen's initial draft of the voting agreements to Weil. The revised draft of the merger agreement reinserted the financial test closing conditions proposed in the initial draft of the merger agreement, proposed a break-up fee equal to 3.5% of the transaction value plus the reimbursement of expenses up to a cap of \$1,500,000 and permitted Cowen to issue equity between signing and closing subject to certain limitations.

On January 24, 2011, the LaBranche Board held a special telephonic meeting, with members of LaBranche's senior management and representatives of KBW and Weil present. Mr. LaBranche and

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other members of senior management and representatives of KBW provided the LaBranche Board with an update on the transaction, the proposed exchange ratio and the status of due diligence. Representatives of Weil provided an update on the status of the merger agreement and remaining open issues. Following discussion, the LaBranche Board provided guidance to LaBranche senior management and authorized management to continue negotiations with Cowen.

During the period of January 24, 2011 to January 28, 2011, Messrs. LaBranche and Cohen engaged in telephonic discussions concerning the proposed transaction, including, but not limited to, the exchange ratio, dilution protection in connection with future issuances of Cowen stock underlying the outstanding and newly-approved restricted stock unit grants, the relative tangible book values of the companies, potential adjustments to the book values that had previously been discussed and the assets underlying these book values, liabilities being assumed by Cowen, and due diligence requests by each company. In light of a disagreement over the values LaBranche and Cowen were ascribing to proposed adjustments to the tangible book values of each company for contingencies, including deferred tax assets, pending litigation matters, restructuring matters, lease obligations, potential volatility in LaBranche's portfolios and dilution protection, Messrs. LaBranche and Cohen discussed revising the exchange ratio to be based on pro forma ownership of the combined company, as opposed to relative tangible book value, with LaBranche stockholders owning approximately one-third of the combined company and Cowen stockholders owning approximately two-thirds of the combined company. The discussions then evolved into the aggregate number of shares of Cowen Class A common stock to be received by LaBranche stockholders rather than percentage ownership and Messrs. LaBranche and Cohen reached a tentative agreement on January 28, 2010, on an exchange ratio of 0.998 shares of Cowen Class A common stock for each issued and outstanding share of LaBranche common stock (other than shares held by LaBranche in its treasury), subject to the completion of due diligence by each party, negotiation on the remaining outstanding issues in the merger agreement and approval by the board of directors of each company.

On February 1, 2011, representatives of Weil delivered revised drafts of the merger agreement and voting agreements, and an initial draft of the disclosure schedules to the merger agreement, to Cowen and Willkie. The revised draft of the merger agreement provided a financial test closing condition requiring that LaBranche have a consolidated tangible book equity value of at least \$193,000,000, a ratio of the aggregate value of the assets and liabilities reflected on its unaudited balance sheet to its consolidated tangible book equity value of no greater than 5:1, and assets and liabilities reflected on its unaudited balance sheet of no more than \$1,000,000,000 in the aggregate; a break-up fee equal to 2.5% of the transaction value less any expenses reimbursed by LaBranche; and restrictions on Cowen's ability to issue equity between signing and closing except in connection with Cowen's issuance of equity awards and shares of common stock in connection with the exercise of existing equity awards between signing and closing.

On February 9, 2011, the LaBranche Board held a special telephonic meeting, with members of LaBranche senior management and representatives of KBW and Weil present. Following updates concerning the status of negotiations and due diligence, members of the LaBranche Board expressed concern regarding the progress of the negotiations (and whether Cowen was seriously interested in pursuing a transaction with LaBranche), the status of due diligence, and the fact that Cowen had not yet provided information or draft employment agreements for Messrs. LaBranche and Burke. Following discussion concerning these issues and negotiation strategy, the LaBranche Board instructed management to inform Cowen that the LaBranche Board believed that the negotiations were progressing too slowly, was questioning whether the negotiations should continue if they could not be concluded promptly and had requested an opportunity for members of LaBranche's Board to meet with members of Cowen's senior management before making a final determination with respect to the proposed transaction. The LaBranche Board also instructed management to inform Cowen that LaBranche intended to announce its fourth quarter earnings on February 16 or 17, 2011.

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On February 10, 2011, Mr. LaBranche informed Mr. Cohen concerning the LaBranche Board's discussion the previous day. Mr. Cohen stated Cowen's desire to complete negotiations, due diligence and the merger agreement promptly, and to meet with LaBranche's Board and to provide LaBranche's Board all information the LaBranche Board believed it needed to consider before determining whether to enter into the proposed merger.

On February 11, 2011, members of LaBranche and Cowen senior management, and representatives from KBW, Weil, Sandler O'Neill and Willkie met in person at Willkie's offices. At this meeting, the parties discussed certain business diligence items and discussed open points in the merger agreement and voting agreements, including, among others, whether and the extent to which the merger agreement would permit Cowen to issue equity between signing and closing, the financial test closing conditions, and the no-shop, fiduciary out, termination and break-up fee provisions.

On February 13, 2011, the LaBranche Board held a special meeting, with members of LaBranche senior management and representatives of KBW and Weil present and members of the LaBranche Board outside of New York participating by telephone. Members of senior management and representatives of KBW and Weil provided the LaBranche Board with an update on the transaction, and the LaBranche Board discussed a meeting planned for later on February 13, 2011 with members of Cowen's senior management. Later on February 13, 2011, the LaBranche Board, with members of the LaBranche Board outside of New York participating by telephone, met members of Cowen's senior management, who presented an overview of their vision of Cowen and answered questions asked by members of the LaBranche Board.

Between February 13, 2011 and February 15, 2011, representatives of Willkie and Weil discussed, and exchanged revised drafts of, the merger agreement. Also on February 13, 2011, Cowen delivered a draft employment agreement to Messrs. LaBranche and Burke.

On February 14, 2011, the LaBranche Board held a special telephonic meeting, with members of LaBranche senior management and representatives of KBW and Weil present. The LaBranche Board discussed the prior day's meeting with members of Cowen's senior management team and the proposed transaction. Among other things, members of the LaBranche Board noted Cowen's strong management team, the likelihood of poor results in the near future if LaBranche remains independent, the uncertainties with respect to results in the longer term if LaBranche remains independent, LaBranche's unsuccessful attempts in the past to find a buyer willing to acquire LaBranche, and the uncertainties with respect to a liquidation if LaBranche were to pursue that path (including, but not limited to, runoff costs associated with winding down LaBranche's business, the loss of certain tax benefits and pending litigation claims). Representatives of Weil discussed and answered questions regarding the proposed terms of the merger agreement. The LaBranche Board also discussed the status and terms of the proposed employment agreements with Messrs. LaBranche and Burke. The LaBranche Board expressed its preference that these employment agreements be entered into concurrently with the execution of the merger agreement to ensure that Messrs. LaBranche and Burke would continue to play an important role in the combined company following the closing of the transaction in order to help obtain the benefits that the LaBranche Board sought to achieve in the proposed transaction. Representatives of KBW summarized the work KBW had performed to date and KBW's views concerning the proposed merger.

On February 15, 2011, the LaBranche Board held a special telephonic meeting, with members of senior management and representatives of KBW and Weil present. Following an update concerning the negotiations with Cowen and an overview of the remaining outstanding issues, representatives of Weil presented the LaBranche Board discussed and answered questions concerning the material terms in the merger agreement. The LaBranche Board provided guidance as to the outstanding issues and authorized management to continue negotiations with Cowen.

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On February 16, 2011, the LaBranche Board held a special telephonic meeting, with members of LaBranche senior management and representatives of KBW and Weil present. Following an update concerning the negotiations with Cowen, representatives of Weil discussed and answered questions concerning the LaBranche Board's fiduciary duties under Delaware law. Discussion followed concerning the LaBranche Board's efforts to maximize stockholder value, the LaBranche Board's formal and informal attempts to find potential acquirers, and the opportunities the fiduciary out and break-up fee provisions in the proposed merger agreement provide the LaBranche Board and the Company in the event that the announcement of a transaction with Cowen prompts an offer better than the Cowen offer. Additional discussion followed concerning the merger agreement, including provisions in the merger agreement relating to the no-shop, fiduciary out, termination and break-up fee, interim operating covenants, closing conditions, and permitting the issuance of equity by Cowen prior to closing. During the meeting, the LaBranche Board asked representatives of Weil to temporarily leave the meeting to confirm with Willkie whether certain additional limitations on the ability of Cowen to issue equity prior to closing would be acceptable in order to prevent possible dilution (the extent of which would depend on the number of shares issued) and preserve the proposed pro forma ownership of the combined company for LaBranche stockholders. Members of senior management reviewed the negotiations that took place with Cowen to arrive at the exchange ratio, discussed the impact of stock price movements over the course of the negotiations and answered questions concerning the completion of due diligence. KBW then rendered to the LaBranche Board its oral opinion, which was subsequently confirmed by delivery of its written opinion, that, as of the date of such written opinion, and based upon and subject to the factors and assumptions set forth therein, the exchange ratio in the merger was fair, from a financial point of view, to holders of LaBranche common stock. The LaBranche Board then asked questions of its legal and financial advisors including discussions with representatives of KBW concerning other strategic alternatives available to LaBranche, such as liquidating (given the declines in LaBranche's market making businesses discussed above and LaBranche's losses discussed above), continuing as a stand-alone company but acting as an investment company or with significantly reduced business operations (taking into account LaBranche's public company costs) or the likelihood of entering into a strategic transaction with another party in light of LaBranche's unsuccessful attempts to locate potential acquirors or strategic partners willing to express interest at a level the LaBranche Board believed was adequate, as discussed at earlier meetings. The LaBranche Board asked, and KBW confirmed, that LaBranche's contingent liabilities, if incurred, and for which no reserve had been taken, would decrease the value of LaBranche. After considering all of the information presented, including the presentations made by LaBranche senior management and LaBranche's financial and legal advisors, having had an opportunity to ask questions of and receive answers from LaBranche's financial and legal advisors, and after discussing the merits of the proposed transaction and LaBranche's alternatives, the LaBranche Board unanimously approved the merger agreement and the transactions contemplated by the merger agreement, including the merger, authorized the execution and delivery of the merger agreement and recommended that the stockholders of LaBranche approve and adopt the merger agreement. The LaBranche Board directed senior management of LaBranche and representatives of Weil to finalize the transaction documents, as had been discussed, and authorized senior management to execute the transaction documents on behalf of LaBranche.

Over the course of the evening of February 16, 2011, representatives of Weil and Willkie and members of LaBranche and Cowen senior management finalized the transaction documents and Messrs. LaBranche and Burke finalized their employment agreements with Cowen. On February 17, 2011, LaBranche and Cowen issued a joint press release announcing the transaction.

**LaBranche's Reasons for the Merger; Recommendation of LaBranche's Board of Directors**

In reaching its decision to approve the merger agreement and the related transactions, the LaBranche Board consulted with LaBranche's senior management, as well as with LaBranche's legal

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and financial advisors, and considered a number of factors that LaBranche viewed as supporting its decisions, including, but not limited to, the following:

the current and prospective climate of the industries in which LaBranche and Cowen operate, the alternatives reasonably available to LaBranche (including LaBranche's consideration of various strategic alternatives since 2007), the low probability that a third party would enter into a strategic relationship with LaBranche or acquire LaBranche on terms more favorable than those offered by Cowen if LaBranche did not pursue the transaction, and the possibility that, if the LaBranche Board declined to adopt the merger agreement, there may not be another opportunity for LaBranche's stockholders to participate in a comparable transaction;

that LaBranche's long term results as an independent company are uncertain, and that it might be forced to consider the possibility of and confront the uncertainties and potential costs related to either closing its underperforming businesses or liquidation if it remains an independent company (including, but not limited to, runoff costs associated with winding down LaBranche's business, the loss of certain tax benefits and pending litigation claims) given the declines in LaBranche's market making businesses and LaBranche's losses as further described above under " Background of the Merger", and the LaBranche Board's estimate that the merger would more likely result in greater value to LaBranche's stockholders than the value that could be expected to be generated from these other strategic alternatives available to LaBranche;

LaBranche's recent significant financial losses, its prospects for growth and information regarding the recent and past price performance of LaBranche's common stock;

the financial analyses presented by KBW to the LaBranche Board described below under " Opinion of LaBranche's Financial Advisor" and the opinion of KBW rendered to the LaBranche Board to the effect that, as of February 16, 2010 and based upon and subject to the factors and assumptions set forth in the written opinion, the exchange ratio was fair from a financial point of view to holders of LaBranche common stock;

that the merger consideration will be paid in shares of Cowen Class A common stock and thus provides LaBranche stockholders with the opportunity to participate in any future earnings or growth of the combined company and future appreciation of Cowen Class A common stock, should they determine to retain the Cowen Class A common stock payable in the merger;

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that stockholders will have the opportunity to participate in other benefits that are expected to result from the merger, including, without limitation, the enhanced competitive and financial position and the increased diversity of the combined company;

that the transaction would provide LaBranche and Cowen with access to the proprietary trading strategies and expertise of both parties;

that the exchange ratio of 0.9980 shares of Cowen Class A common stock for each share of LaBranche common stock represented a 16% premium over the closing price of LaBranche common stock on the last trading day prior to public announcement of the merger;

that operating income synergies between Cowen and LaBranche may allow for a faster use of LaBranche's net operating losses to offset taxes on future income than would otherwise be available in connection with the other alternatives that were considered by the LaBranche Board;

that the combined company could achieve significant expense savings through the elimination of public company costs and by allowing remaining public company costs to be spread across a larger capital base; and

the LaBranche Board's review, with LaBranche's legal and financial advisors, of the structure of the merger and the financial and other terms of the merger agreement. In particular, the LaBranche Board considered the following specific aspects of the merger agreement:

that the merger and the second step merger, taken together, are intended to qualify as a reorganization for U.S. federal tax purposes and the expectation that the receipt of Cowen Class A common stock will generally not be a taxable event to LaBranche's stockholders;

the nature of the closing conditions included in the merger agreement, including the conditions to the obligations of Cowen that LaBranche have (i) a Company Consolidated Tangible Book Equity Value (as such term is defined in the merger agreement) of at least \$193,000,000, (ii) a ratio of the aggregate value of the assets reflected on its unaudited balance sheet to its Company Consolidated Tangible Book Equity Value of no greater than 4.5:1, and (iii) assets reflected on its unaudited balance sheet of no more than \$920,000,000 in the aggregate, as well as the likelihood of satisfaction of all conditions to the completion of the merger;

the right of LaBranche's Board to change its recommendation in favor of the merger upon receipt of a superior proposal or upon the occurrence of a company intervening event (as defined in the merger agreement and discussed under "The Merger Agreement No Solicitation of Alternative Proposals" beginning on page 99 of this joint proxy statement/prospectus), in each case, if the failure to do so would be inconsistent with its fiduciary duties;

the circumstances under which the termination fee is payable by LaBranche to Cowen and the size of the termination fee, which the LaBranche Board views as reasonable in light of the size and benefits of the transaction and not preclusive of a superior proposal, if one were to emerge; and

the requirement that LaBranche obtain stockholder approval as a condition to completion of the merger.

In addition to considering the factors described above, the LaBranche Board also considered the following factors:

the recommendation of senior management of LaBranche that the transaction is in the best interests of LaBranche's stockholders based on their knowledge of LaBranche's business, and

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current financial market conditions and the likely effects of these factors on LaBranche's potential growth, development, productivity and strategic options;

the LaBranche Board's knowledge of Cowen's business, operations, management, financial condition, earnings and prospects, taking into account the results of LaBranche's due diligence of Cowen; and

the anticipated market capitalization, liquidity and capital structure of the combined company.

The LaBranche Board weighed the foregoing against a number of potentially negative factors, including:

the fact that because the merger consideration is a fixed exchange ratio, LaBranche stockholders could be adversely affected by a decrease in the trading price of Cowen Class A common stock during the pendency of the transaction;

the fact that, while LaBranche expects the merger will be consummated, there can be no assurance that the conditions in the merger agreement to the obligations of parties to complete the merger, including the conditions to the obligations of Cowen that LaBranche have (i) a Company Consolidated Tangible Book Equity Value of at least \$193,000,000, (ii) a ratio of the aggregate value of the assets reflected on its unaudited balance sheet to its Company Consolidated Tangible Book Equity Value of no greater than 4.5:1, and (iii) assets reflected on its unaudited balance sheet of no more than \$920,000,000 in the aggregate, will be satisfied, and, as a result, the merger may not be consummated;

the potential adverse effects on LaBranche's business and stock price if the merger were announced but not consummated;

the restrictions on the conduct of LaBranche's business during the period between execution of the merger agreement and consummation of the transaction, which may delay or prevent LaBranche from undertaking business opportunities that may arise pending completion of the merger;

the risk that, despite the efforts of LaBranche and Cowen prior to the consummation of the transaction, the combined company may lose key personnel;

the risk of diverting management focus, employee attention and resources from other strategic opportunities and from operational matters while working to complete the merger;

the risk that the anticipated benefits of the transaction may not be realized;

although, as noted above, the LaBranche Board views the size of the termination fee as reasonable in light of the size and benefits of the transaction and not preclusive of a superior proposal, the risk that the terms of the merger agreement, including provisions relating to the payment of a termination fee under specified circumstances, could have the effect of discouraging other parties that would otherwise be interested in a transaction with LaBranche from proposing such a transaction and restricts LaBranche from soliciting such proposals;

that certain members of senior management and the LaBranche Board may be deemed to have certain interests in the merger that are different from or in addition to the interests of LaBranche's shareholders generally as described under the heading "Interests of LaBranche Directors and Executive Officers in the Merger" beginning on page 76 of this joint proxy statement/prospectus; and



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the risks of the type and nature under the heading "Risk Factors" beginning on page 37, and the matters described under the heading "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 36 of this joint proxy statement/prospectus.

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The LaBranche Board conducted an overall analysis of the factors described above, including through discussions with, and questioning of, LaBranche's management and outside legal and financial advisors before concluding that the potentially negative factors associated with the proposed transaction were outweighed by the potential benefits that it expected LaBranche's stockholders would achieve as a result of the transaction, including the belief of the LaBranche Board that the proposed merger would maximize the value of LaBranche's stockholders' shares and mitigate the risks and uncertainty affecting the future prospects of LaBranche.

The foregoing discussion of the information and factors considered by the LaBranche Board is not exhaustive, but LaBranche believes it includes the material factors considered by the LaBranche Board. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the LaBranche Board did not find it useful and did not attempt to assign any relative or specific weights to the various factors that it considered in reaching its determination to approve the merger and the merger agreement and to recommend that LaBranche stockholders vote "FOR" the proposal to adopt the merger agreement. In addition, individual members of the LaBranche Board may have assigned different weights to different factors.

This explanation of LaBranche's reasons for the merger and other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors described under "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 36 of this joint proxy statement/prospectus.

**Opinion of LaBranche's Financial Advisor**

*Opinion of Keefe, Bruyette & Woods.*

On January 7, 2011, LaBranche executed an engagement agreement with KBW. KBW's engagement encompassed assisting LaBranche in analyzing, structuring, negotiating and effecting a transaction with Cowen. LaBranche selected KBW because KBW is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger and is familiar with LaBranche and its business. As part of its investment banking business, KBW is continually engaged in the valuation of financial businesses and their securities in connection with mergers and acquisitions.

On February 16, 2011, the LaBranche board of directors held a meeting to evaluate the proposed merger of LaBranche with a newly formed merger subsidiary of Cowen. At this meeting, KBW reviewed the financial aspects of the proposed merger and rendered an oral opinion (subsequently confirmed in writing), to LaBranche that, as of such date, and based upon and subject to factors and assumptions set forth therein, the exchange ratio in the merger was fair, from a financial point of view, to the stockholders of LaBranche.

**The full text of KBW's written opinion, dated February 16, 2011, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex B to this joint proxy statement/prospectus and is incorporated herein by reference. The description of the opinion set forth below is qualified in its entirety by reference to the full text of such opinion. LaBranche's and Cowen's stockholders are urged to read the opinion in its entirety.**

**KBW's opinion speaks only as of the date of the opinion. The opinion is directed to LaBranche's board and addresses only the fairness, from a financial point of view to the stockholders of LaBranche, of the exchange ratio in the merger. It does not address the underlying business decision to proceed with the merger and does not constitute a recommendation to any LaBranche stockholder as to how the stockholder should vote at the LaBranche special meeting on the merger or any related matter.**

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In connection with its opinion, KBW reviewed, analyzed and relied upon material bearing upon the financial and operating condition of LaBranche and Cowen and the merger, including among other things, the following:

the merger agreement,

the Annual Reports to stockholders and Annual Reports on Form 10-K for the three years ended December 31, 2009 of LaBranche and Cowen,

certain interim reports to stockholders and Quarterly Reports on Form 10-Q of LaBranche and Cowen and certain other communications from LaBranche and Cowen to their respective stockholders, and

other financial information concerning the businesses and operations of LaBranche and Cowen furnished to KBW by LaBranche and Cowen for purposes of KBW's analysis.

KBW also held discussions with senior management of LaBranche and Cowen regarding the past and current business operations, regulatory relations, financial condition, and future prospects of the respective companies and such other matters that KBW deemed relevant to its inquiry. In addition, KBW compared certain financial and stock market information for Cowen and LaBranche with similar information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations in the broker-dealer industry, and performed such other studies and analyses as KBW considered appropriate.

In conducting its review and arriving at its opinion, KBW relied upon the accuracy and completeness of all of the financial and other information provided to it or publicly available, and did not independently verify the accuracy or completeness of any such information or assume any responsibility for such verification or accuracy. KBW relied upon the management of LaBranche and Cowen as to the reasonableness and achievability of the financial and operating forecasts and projections (and assumptions and bases therefor) provided to KBW and KBW assumed that such forecasts and projections reflect the best currently available estimates and judgments of such managements and that such forecasts and projections will be realized in the amounts and in the time periods currently estimated by such managements. In rendering its opinion, KBW did not make or obtain any evaluations or appraisals of the property, liabilities (fixed, contingent, derivative, off-balance sheet or otherwise) or assets of LaBranche or Cowen or any other party.

KBW was not asked to, and it did not, offer any opinion as to the terms of the merger agreement or the form of the merger, other than the exchange ratio, to the extent expressly specified in KBW's opinion. Additionally, KBW's opinion did not address the relative merits of the merger as compared to any strategic alternatives that may have been available for LaBranche.

For purposes of rendering its opinion, KBW assumed that, in all respects material to its analyses:

the merger will be completed substantially in accordance with the terms set forth in the merger agreement;

the representations and warranties of each party in the merger agreement and in all related documents and instruments referred to in the merger agreement are true and correct;

each party to the merger agreement and all related documents will perform all of the covenants and agreements required to be performed by such party under such documents;

all conditions to the completion of the merger will be satisfied without any waivers, amendments or modifications thereto; and

in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the merger, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, will be imposed that

will have a material adverse

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effect on the future results of operations or financial condition of the combined entity or the contemplated benefits of the merger, including the cost savings, revenue enhancements and related expenses expected to result from the merger.

KBW's opinion is not an expression of an opinion as to the prices at which shares of LaBranche common stock will trade since the announcement of the proposed merger or the actual value of the Cowen Class A common shares when issued pursuant to the merger, or the prices at which the Cowen Class A common shares will trade following the completion of the merger.

In performing its analyses, KBW considered such financial and other factors they deemed appropriate, including among other things, the historical and current financial position and results of operations of LaBranche and Cowen, the assets and liabilities of LaBranche and Cowen, and the nature and terms of certain other merger transactions involving broker-dealers. KBW also took into account its assessment of general economic, market and financial conditions and its experience in other transactions, as well as its experience in securities valuation and knowledge of the financial services industry generally.

The exchange ratio was determined through negotiation between LaBranche and Cowen and the decision to enter into the merger was solely that of LaBranche's board of directors. In addition, the KBW opinion was among several factors taken into consideration by the LaBranche board in making its determination to approve the merger agreement and the merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the LaBranche board with respect to the fairness of the exchange ratio in the merger.

***Summary of Analysis by KBW***

The following is a summary of the material financial analyses presented by KBW to LaBranche's board, in connection with rendering the fairness opinion described above. The following summary is not a complete description of the financial analyses performed by KBW in rendering its opinion or the presentation made by KBW to the LaBranche board, nor does the order of analysis described represent relative importance or weight given to any particular analysis by KBW and is qualified in its entirety by reference to the written opinion of KBW attached as Annex B. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. Selecting portions of the analysis or of the summary set forth herein, without considering the analysis as a whole, could create an incomplete view of the processes underlying KBW's opinion. In arriving at its opinion, KBW considered the results of its entire analysis and KBW did not attribute any particular weight to any analysis or factor that it considered. Rather KBW made its determination as to fairness on the basis of its experience and professional judgment after considering the results of its entire analysis. The financial analyses summarized below include information presented in tabular format. Accordingly, KBW believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion. The tables alone do not constitute a complete description of the financial analyses.

***Comparable Public Companies Analysis.*** KBW reviewed publicly available information, KBW compared the financial performance and market performance of LaBranche to the following public financial services institutions.

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Companies included in this analysis were:

**Institutional Broker Dealers**

GFI Group Inc.  
Interactive Brokers Group Inc  
International Assets Holding Corporation  
Investment Technology Group, Inc.  
Knight Capital Group, Inc.  
MF Global Holdings Ltd.

**Asset Managers Alternative**

Blackstone Group L.P.  
Fortress Investment Group LLC  
KKR & Co. LP  
Och-Ziff Capital Management Group LLC

To perform this analysis, KBW used financial information as of or for the most recently ended and disclosed three or twelve month period. Certain financial data prepared by KBW, and as referenced in the tables presented below may not correspond to the data presented in LaBranche's historical financial statements, or to the data prepared by Sandler O'Neill presented under the section "Opinion of Cowen's Financial Advisor," as a result of the different periods, assumptions and methods used by KBW to compute the financial data presented.

KBW's analysis showed the following concerning LaBranche's financial performance:

	<b>Most Recent Quarter Return on Average Equity</b>	<b>Most Recent Quarter Return on Average Assets</b>	<b>Most Recent Quarter Net Income Margin</b>	<b>Ratio of Assets to Equity</b>
<b>Institutional Broker Dealers</b>				
GFI Group Inc.	(1.8)%	(0.7)%	(1.1)%	2.7x
Interactive Brokers Group Inc	0.6%	0.1%	3.9%	6.8x
International Assets Holding Corporation	(7.3)%	(1.0)%	(7.1)%	8.3x
Investment Technology Group, Inc.	0.8%	0.3%	1.3%	2.9x
Knight Capital Group, Inc.	2.8%	0.8%	3.7%	3.4x
MF Global Holdings Ltd.	(1.1)%	0.0%	(0.9)%	32.6x
<b>Asset Managers Alternative</b>				
Blackstone Group L.P.	8.6%	3.5%	11.8%	2.5x
Fortress Investment Group LLC	N/M(2)	(60.3)%	(153.1)%	2.8x
KKR & Co. LP	16.9%	15.8%	74.4%	1.1x
Och-Ziff Capital Management Group LLC	N/M(2)	N/M(2)	(10.1)%	14.1x
Minimum:	(7.3)%	(60.3)%	(153.1)%	1.1x
Maximum:	16.9%	15.8%	74.4%	32.6x
LaBranche:	(4.1)%	(0.6)%	N/A(1)	5.9x

(1) Not available due to negative revenue in the third quarter of 2010.

(2) Calculation would not yield a meaningful number.

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KBW's analysis showed the following concerning LaBranche's market performance based on market data available as of February 15, 2011:

	Market Capitalization / Book Value	Stock Price / 2011 Analyst Consensus Earnings per Share	Enterprise Value / 2011 Analyst Consensus Revenue
<b>Institutional Broker Dealers</b>			
GFI Group Inc.	1.3x	12.8x	0.6x
Interactive Brokers Group Inc	1.1x	18.2x	N/M(2)
International Assets Holding Corporation	1.8x	N/A(1)	N/M(2)
Investment Technology Group, Inc.	0.9x	17.6x	0.7x
Knight Capital Group, Inc.	1.0x	13.1x	1.0x
MF Global Holdings Ltd.	1.0x	23.6x	1.1x
<b>Asset Managers Alternative</b>			
Blackstone Group L.P.	1.6x	11.3x	3.7x
Fortress Investment Group LLC	N/M(2)	10.9x	4.2x
KKR & Co. LP	N/M(2)	8.3x	4.2x
Och-Ziff Capital Management Group LLC	N/M(2)	12.2x	6.4x
Minimum:	0.9x	8.3x	0.6x
Maximum:	1.8x	23.6x	6.4x
LaBranche:	0.7x	49.5x	1.4x

(1) Not available.

(2) Calculation would not yield a meaningful number.

**Comparable Transaction Analysis.** KBW reviewed publicly available information related to selected acquisitions of broker dealers announced since 1997. The transactions included in the group were:

Transaction multiples for the merger were derived from an aggregate offer price of approximately \$189 million for LaBranche based on Cowen's Class A common stock price as of February 15, 2011. For each precedent transaction, KBW derived and compared, among other things, the implied ratio of:

price paid for the acquired company to book value of the acquired company based on the latest publicly available financial statements of the company available prior to the announcement of the acquisition;

enterprise value paid for the acquired company to revenue of the acquired company based on the latest publicly available financial statements of the company available prior to the announcement of the acquisition; and

price paid for the acquired company to estimated net income for the next full year based on analyst consensus estimates.

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The transactions included in the group were and the results of the analysis are set forth in the following table:

<b>Acquiror:</b>	<b>Acquired Company:</b>	<b>Date of Announcement:</b>	<b>Announced Value (\$ in millions)</b>	<b>Transaction Price to Book Value</b>	<b>Enterprise Value to Revenue</b>	<b>Transaction Price to Estimated Net Income</b>
Stifel Financial Corp.	Thomas Weisel Partners Group Inc.	April 25, 2010	\$318.2	1.9x	1.6x	16.0x
Canaccord Financial Inc.	Genuity Capital Markets	March 3, 2010	\$277.0	*	2.8x	*
Plains Capital Corporation	First Southwest Company	November 11, 2008	\$77.0	N/A(3)	*	*
Royal Bank of Canada	Ferris, Baker Watts, Inc.	February 14, 2008	\$230.0	1.8x	1.0x	14.2x
Thomas Weisel Partners Group Inc.	Westwind Partners	October 1, 2007	\$150.0	7.5x	*	*
Macquarie Bank Ltd.	Orion Securities Inc.	September 26, 2007	\$147.0	4.9x	*	*
Wachovia Corp.	A.G. Edwards, Inc.	May 30, 2007	\$6,936.3	3.2x	2.2x	18.4x
Stifel Financial Corp.	Ryan, Beck & Co. Inc.	January 8, 2007	\$124.0	1.4x	0.5x	N/A(3)
Merrill Lynch & Co.	Petrie Parkman & Co.	October 10, 2006	\$346.9	N/M(4)	*	*
Canaccord Capital, Inc.	Adams Harkness Financial Group	September 13, 2005	\$20.0	1.8x	0.3x	N/A(3)
Royal Bank of Canada	Tucker Anthony Sutro	August 1, 2001	\$589.5	1.7x	1.0x	N/A(3)
Regions Financial Corp.	Morgan Keegan, Inc.	December 18, 2000	\$789.0	3.0x	1.5x	15.5x
Royal Bank of Canada	Dain Raucher Corp.	September 28, 2000	\$1,456.0	2.6x	1.2x	13.2x
First Union Corp.	JWGenesis Financial Corp.	August 31, 2000	\$111.0	1.6x	0.7x	7.8x
MONY Group, Inc.	Advest Group, Inc.	August 24, 2000	\$293.0	1.9x	0.7x	12.4x
Wells Fargo & Co.	Ragen McKenzie Group, Inc.	September 28, 1999	\$259.0	2.2x	2.5x	12.8x
Chase Manhattan Corporation (The)	Hambrecht & Quist Group	September 27, 1999	\$1,351.0	2.9x	2.7x	13.0x
First Union Corp.	EVEREN Capital Corp.	April 25, 1999	\$1,088.0	2.4x	1.4x	16.8x
Wachovia Corp.	Interstate/Johnson Lane Inc.	October 27, 1998	\$230.0	2.0x	0.8x	13.9x
BB&T Corp.	Scott & Stringfellow Financial, Inc.	August 10, 1998	\$131.0	3.7x	1.2x	20.0x
KeyCorp	McDonald & Co. Investments, Inc.	June 15, 1998	\$653.0	3.4x	2.0x	13.6x
BankAtlantic Bancorp, Inc.	Ryan, Beck & Co. Inc.	February 9, 1998	\$38.0	3.6x	1.0x	N/A(3)
Dain Raucher Corp.	Wessels, Arnold & Henderson	February 9, 1998	\$150.0	5.5x	N/A(3)	13.6x
			\$730.0	4.2x	1.3x	11.2x



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US Bancorp, Inc	Piper Jaffray Companies, Inc.	December 14, 1997				
First Union Corp.	Wheat First Butcher Singer Inc.	August 20, 1997	\$471.0	3.0x	0.9x	11.5x
Bankers Trust Corp.	Alex Brown Inc.	April 6, 1997	\$1,700.0	2.5x	1.8x	16.8x
	Minimum:			1.4x	0.3x	6.6x
	Maximum:			7.5x	3.8x	20.0x
	LaBranche / Cowen Merger:			0.9x	5.3x(1)	57.8x(2)

- (1) LaBranche revenue based on analyst consensus estimates for 2010.
- (2) LaBranche net income based on analyst consensus estimates for 2011; selected transactions based on estimates for the following year as of the date of the transaction.
- (3) Not available.
- (4) Calculation would not yield a meaningful number.
- \* Indicates KBW proprietary information included in summary statistics but not displayed.

No company or transaction used as a comparison in the above analysis is identical to LaBranche, Cowen or the proposed merger. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

**Discounted Cash Flow Analysis.** KBW performed a discounted cash flow analysis to estimate a range for the implied total enterprise value of LaBranche. In this analysis, KBW assumed discount rates ranging from 15.6% to 19.6% to derive (i) the present value of the estimated free cash flows that LaBranche could generate over a five year period, and (ii) the present value of LaBranche's terminal value at the end of year five. Terminal values for LaBranche were calculated based on a range of 11.8x to 13.8x estimated year six earnings. In performing this analysis, KBW used LaBranche's management's projections as provided below. Based on these assumptions, KBW derived a range of implied equity value of LaBranche of \$2.83 per share to \$4.81 per share. KBW's discounted cash flow analysis utilized end-of-year discounting as opposed to middle-of-year discounting.

The discounted cash flow analysis is a widely used valuation methodology, but the results of such methodology are highly dependent on the assumptions that must be made, including asset and earnings

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growth rates, terminal values, dividend payout rates, discount rates, and net operating loss tax attributes. The analysis did not purport to be indicative of the actual values or expected values of LaBranche.

**Relative Contribution Analysis.** KBW analyzed the relative contribution of each of LaBranche and Cowen to the unaudited pro forma combined preliminary and projected revenue, net income and book value for 2010 and 2011 and to the unaudited pro forma combined preliminary tangible equity at year end 2010. Based on analyst consensus estimates for 2010 and 2011, LaBranche represented 12.7% and 13.1% of the unaudited pro forma combined revenue respectively. Based on analyst consensus estimates for 2011, LaBranche represented 10.2% of unaudited pro forma combined net income. For 2010, analyst consensus estimates for LaBranche net income are negative. In addition, LaBranche represented 30.8%, 30.2% and 33.6% of preliminary 2010 year end book value, estimated 2011 year end book value and preliminary 2010 year end tangible equity respectively. In each case, these percentages were compared to the LaBranche stockholders' 35.1% share of the unaudited pro-forma Cowen share count, which is not on a fully-diluted basis. The relevant metrics that were used for Cowen and LaBranche, respectively, are as follows:

(\$ in millions)	Cowen	LaBranche
<b>Revenue(1)</b>		
2010E	\$244.8	\$35.6
2011E	\$380.8	\$57.5
<b>Net Income(2)</b>		
2010E	\$(39.3)	\$(26.6)
2011E	\$28.7	\$3.3
<b>Book Value(2)</b>		
2010E(3)	\$467.3	\$207.9
2011E(4)	\$488.4	\$211.1
Tangible Equity at 12/31/10(5)	\$409.9	\$207.9

(1) Consensus estimates.

(2) Calculated using consensus estimates of book value per share and EPS multiplied by share counts per Form 10-Qs for LaBranche and Cowen for the fiscal quarter ended September 30, 2010.

(3) 2010E consensus book value estimate not available for LaBranche. Estimate for LaBranche based on LaBranche management projection.

(4) 2011E consensus book value estimate not available for LaBranche. Calculated for LaBranche by adding 2011E net income to 2010E book value per LaBranche management projection.

(5) Based on preliminary unaudited financial statements.

**Impact Analysis.** KBW analyzed the estimated financial impact of the merger on Cowen's 2011 estimated earnings per share and book value per share. For both LaBranche and Cowen, KBW used analyst consensus estimates of earnings per share for 2011 and management estimates of book value as of year end 2010 of \$406.2 million and \$207.9 million for Cowen and LaBranche respectively. In addition, KBW assumed that the merger will not result in any cost savings or revenue synergies. Based on its analysis, KBW determined that the merger would

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be dilutive to Cowen's estimated GAAP earnings per share in 2011 by \$0.09 per share and accretive to Cowen's book value per share for 2010 by \$0.08 per share. For the above analysis, the actual results achieved by Cowen following the merger may vary from the projected results, and the variations may be material.

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**Other Analyses.** KBW compared the relative financial performance of LaBranche to a variety of relevant industry peer groups and indices. KBW also reviewed consensus analyst earnings estimates, balance sheet composition and other financial data for LaBranche.

The LaBranche board retained KBW as an independent contractor to act as financial advisor to LaBranche regarding the merger. As part of its investment banking business, KBW is continually engaged in the valuation of the securities of financial service companies in connection with acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for various other purposes. As specialists in the securities of financial services companies, KBW has experience in, and knowledge of, the valuation of financial services enterprises. In the ordinary course of its business as a broker-dealer, KBW may, from time to time, purchase securities from, and sell securities to, LaBranche and Cowen. As a market maker in securities KBW may from time to time have a long or short position in, and buy or sell, debt or equity securities of LaBranche for KBW's own account and for the accounts of its customers. During the past two years, KBW acted as co-manager on a public offering of common stock by Cowen.

LaBranche and KBW entered into an agreement relating to the services to be provided by KBW in connection with the merger. LaBranche agreed to pay KBW a non-refundable cash fee of \$100,000 (which we refer to as the Retainer Fee) promptly after execution of the engagement letter and a fee of \$500,000 (which we refer to as the Opinion Fee) promptly upon delivery of the written fairness opinion, with \$50,000 of the Retainer Fee credited towards the Opinion Fee. None of KBW's compensation is contingent upon the completion of the merger. Also pursuant to the KBW engagement agreement, LaBranche agreed to reimburse KBW for all reasonable out-of-pocket expenses and disbursements, including reasonable fees and expenses of counsel, incurred in connection with the engagement and to indemnify KBW and related parties against certain liabilities, including liabilities under federal securities laws, relating to, or arising out of, its engagement.

**Financial Projections**

In connection with its consideration of a transaction with Cowen, LaBranche provided KBW with certain non-public financial projections for the years 2011 through 2016. LaBranche does not as a matter of course publicly disclose projections. The projections were not prepared with a view to public disclosure and are included in this joint proxy statement/prospectus only because such projections were made available to KBW as part of LaBranche's consideration of a transaction with Cowen. The projections were not prepared with a view to compliance with the published guidelines and auditing standards of the SEC. LaBranche's independent registered public accounting firm has not examined, compiled or performed any procedures with respect to the projections and accordingly does not provide any form of assurance with respect to the projections. The financial projections provided to KBW included the following estimates of LaBranche's future financial performance:

(\$ in millions)	2011	2012	2013	2014	2015	2016
Revenue	\$41.9	\$45.3	\$48.9	\$52.8	\$57.0	\$61.6
Pre-tax Income	\$11.1	\$12.0	\$12.9	\$14.0	\$15.1	\$16.3
Less: Taxes	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$(6.5)
Plus: Depreciation & Amortization	\$1.9	\$2.1	\$2.3	\$2.6	\$2.8	Not provided
Less: Capital Expenditures	\$(1.0)	\$(1.0)	\$(1.0)	\$(1.0)	\$(1.0)	Not provided
Less: Increase in Working Capital	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	Not provided
Free Cash Flow	\$12.0	\$13.1	\$14.2	\$15.6	\$16.9	Not provided

The projections provided to KBW are subjective in many respects and thus susceptible to various interpretations based on actual experience and business developments. The projections were based on a number of assumptions that may not be realized and are subject to significant uncertainties and contingencies, many of which are beyond the control of LaBranche. The risk that these uncertainties and contingencies will cause the assumptions to fail to prove accurate is further increased due to the

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length of time in the future over which these assumptions were made. The assumptions in early periods have a compounding effect on the projections shown for the later periods. Thus, any failure of an assumption to prove accurate in an early period would have a greater affect of the projected results failing to prove accurate in the later periods. Accordingly, actual results could vary significantly from those set forth in the projections. Any estimates or projections contained in the analyses performed by KBW are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates or projections of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty.

**Interests of LaBranche Directors and Executive Officers in the Merger**

In considering the recommendation of the board of directors of LaBranche that you vote for the proposal to adopt the merger agreement, you should be aware that LaBranche's directors and executive officers have financial interests in the merger that may be different from, or in addition to, those of LaBranche stockholders generally. The board of directors of LaBranche was aware of and considered these potential interests, among other matters, in evaluating and negotiating the merger agreement and the merger as well as in recommending to you that you vote for the proposal to adopt the merger agreement.

As described in more detail below, these interests include certain payments and benefits that may be provided to the executive officers upon termination of their employment under certain circumstances following the merger.

The dates and share prices used below to quantify these interests have been selected for illustrative purposes only. They do not necessarily reflect the dates on which certain events will occur and do not represent a projection about the future value of LaBranche's common stock.

**Employment Agreements.** In connection with entering into the merger agreement, Messrs. LaBranche and Burke have each entered into new employment agreements with Cowen, each dated February 16, 2011, which will become effective upon completion of the merger and which will supersede their existing employment agreements. Messrs. LaBranche and Burke will each serve as a senior managing director of Cowen following the merger.

Pursuant to the new employment agreements, Messrs. LaBranche and Burke will be paid an annual salary equal to \$750,000 and \$600,000, respectively, along with a discretionary bonus if and as determined by Cowen's Chief Executive Officer on an annual basis (for reference, Messrs. LaBranche and Burke's current base salaries are \$750,000 and \$600,000, respectively). In addition, Messrs. LaBranche and Burke will be entitled to participate in health, insurance, retirement and other benefits provided generally to similar senior executive officers of Cowen. Upon termination of Messrs. LaBranche's or Burke's services either by Cowen without "cause" or by Messrs. LaBranche or Burke with "good reason" (each as defined in the new employment agreements), Messrs. LaBranche and Burke shall each be entitled, in addition to any accrued but unpaid salary, expenses or benefits, to (i) their regular salary for the 24-month period following their termination and (ii) an amount equal to 18 times the "applicable percentage" of the monthly COBRA premium cost applicable to Messrs. LaBranche and Burke if they were to elect COBRA coverage in connection with such termination (which will cease before the expiration of the 18-month period in the event that Messrs LaBranche or Burke become eligible to receive any substantially similar health benefits prior to the expiration thereof).

Each of Messrs. LaBranche and Burke also entered into a confidentiality, non-interference and invention assignment agreement with Cowen which will become effective upon the completion of the merger.

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**Change in Control Agreements.** LaBranche has change in control agreements with each of Jeffrey A. McCutcheon, Senior Vice President and Chief Financial Officer, and Stephen H. Gray, General Counsel and Corporate Secretary which require LaBranche to make payments and provide benefits to Messrs. McCutcheon and Gray in connection with a change in control of LaBranche and a subsequent qualifying termination. The completion of the merger will constitute a change in control for purposes of these change in control agreements.

Each change in control agreement will end upon the expiration of a 12-month period following the occurrence of a change in control. Under these change in control agreements, if an executive officer's employment is terminated either (i) by LaBranche for any reason other than death, disability or cause or (ii) by the employee because of either (a) a material breach by LaBranche of the agreement (including a material diminution of such employee's duties) or (b) because of a relocation of LaBranche to a location more than 50 miles from the employee's residence, in each case prior to the 12-month period after a change of control, each executive would become immediately entitled to the following benefits:

- A. a lump-sum cash payment, payable within 10 business days after the date of a qualifying termination, in an amount equal to the sum of (i) the executive's annual base salary in effect immediately prior to the change in control or the date of the executive's termination of employment, whichever is greater, and (ii) the annual cash bonus paid to the executive for the calendar year immediately preceding the year in which the executive's employment is terminated or the aggregate cash bonus paid to the executive during the 12-month period immediately preceding the termination date of the executive's employment, whichever is greater;
- B. the executive and his family will receive continuation of group health plan benefits (including all life insurance, health, accident and liability plans and programs) to which the executive was entitled to participate in immediately prior to a qualifying termination to the extent authorized by, and consistent with, COBRA until the earlier of (i) the 12-month period following the date of a qualifying termination and (ii) the executive's employment with a new employer, with the cost of the regular premium for such benefits shared in the same relative proportion by the Company and the executive as in effect on the date of termination; and
- C. reimbursement for reasonable legal fees incurred in seeking to obtain or enforce in good faith any right or benefit provided by the change in control agreement in the event that the executive substantially prevails in such dispute, up to a maximum of \$50,000.

In order to obtain the benefits provided under the change in control agreements, each executive must first execute a release of claims that includes a waiver and release of any and all claims he may have against LaBranche. Based on compensation levels as of May 3, 2011, the change of control payments Messrs. McCutcheon and Gray will receive in the event of a change of control and in the event that each of Messrs. McCutcheon and Gray subsequently experience a qualifying termination are \$525,000 and \$525,000, respectively, as well as 12 months of premiums for COBRA health insurance coverage of approximately \$8,787.10 and \$26,621.02, respectively.

**Treatment of Stock Options.** Messrs. LaBranche and Hayward own options to purchase 200,000 and 30,000 shares of LaBranche's common stock, respectively. All stock options held by Messrs. LaBranche and Hayward, whether or not then exercisable or vested, will be cancelled for no consideration upon the effective time of the merger.

**Indemnification and Insurance.** Cowen has agreed to indemnify the officers and directors of LaBranche against certain liabilities to the extent LaBranche would have been legally required or permitted to do so if the merger had not taken place. Cowen has also agreed to provide liability insurance for the current officers and directors of LaBranche for six years after the merger, subject to a cap on the annual premium payments equal to 250% of LaBranche's current annual premium. Please see "The Merger Agreement Indemnification and Insurance."

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**Director Appointments.** Two current directors of LaBranche, George M.L. LaBranche, IV and Katherine E. "Wendy" Dietze, were chosen by the LaBranche Board, and approved by Cowen's board of directors, to become directors of Cowen following the merger.

**Payments to Directors.** LaBranche expects to pay \$180,000 in cash in the aggregate to its non-employee directors in lieu of automatic grants of unrestricted shares of LaBranche common stock to its non-employee directors pursuant to LaBranche's 2010 Equity Incentive Plan for the non-employee directors' attendance at board meetings and meetings of the committees of the LaBranche Board in 2010. These payments were approved by the LaBranche Board in connection with the merger to keep the outstanding shares of LaBranche's common stock unchanged so as not to adversely affect the exchange ratio in the merger. All shares of LaBranche common stock previously granted to the non-employee directors of the LaBranche Board were unrestricted and not subject to any vesting periods. The shares of LaBranche common stock that would have been granted for the non-employee directors' attendance at board of director meetings and meetings of the committees of the LaBranche Board in 2010 also would have been unrestricted and not subject to any vesting periods.

**Cowen's Reasons for the Merger; Recommendation of Cowen's Board of Directors**

LaBranche was initially brought to the attention of Cowen's management by the portfolio managers of Ramius's Value & Opportunity Fund. Ramius's Value & Opportunity Fund (and certain related separately managed accounts holding Cowen's proprietary capital and managed by those portfolio managers) acquired approximately 4.9% of the outstanding shares of LaBranche common stock during the summer of 2010. (Ramius subsequently spun off the investment manager of the Value & Opportunity Fund in April 2011 (while maintaining a minority interest in that investment manager) and no longer controls the investment process of the Value & Opportunity Fund.) The portfolio managers had discussed with Cowen's management that Cowen might want to consider exploring a strategic transaction with LaBranche and Cowen subsequently determined to contact LaBranche to explore that possibility, as described under " Background of the Merger" beginning on page 55. In reaching its decision to approve the merger agreement and recommend approval of the Cowen stock issuance, the Cowen board of directors consulted with Cowen's management, as well as with Cowen's legal and financial advisors, and also considered a number of factors that the Cowen board of directors viewed as supporting its decisions, including, but not limited to, the following:

the pairing of LaBranche's existing information technology platform and proprietary electronic trading systems with Cowen's fundamental research culture, customer-driven sales and trading capabilities in equities and equity derivatives;

the acceleration of efforts to serve clients in areas like listed options, global ETF executions and foreign exchange;

the increase in Cowen's capital base resulting from the acquisition of LaBranche;

Cowen's positioning to expand capital markets activities by leveraging LaBranche's licenses, including its Hong Kong exchange membership;

the financial analysis presented by Sandler O'Neill & Partners to the Cowen board of directors and the opinion of Sandler O'Neill & Partners rendered to the Cowen board of directors to the effect that, as of February 16, 2011, and based upon and subject to the factors and assumptions set forth in the written opinion, the exchange ratio pursuant to the merger agreement was fair to Cowen from a financial point of view, in each case, described below under " Opinion of Cowen's Financial Advisor";

its knowledge of Cowen's business, operations, financial condition, earnings and prospects and of LaBranche's business, operations, financial condition, earnings and prospects, taking into account the results of Cowen's due diligence review of LaBranche;

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the anticipated market capitalization, liquidity and capital structure of the combined company;

the fact that the exchange ratio is fixed, which the Cowen board of directors believed was consistent with market practice for mergers of this type and with the strategic purpose of the merger; and

the terms and conditions of the merger agreement and the likelihood of completing the merger on the anticipated schedule.

Cowen's board of directors weighed the foregoing against a number of potentially negative factors, including:

the restrictions on the conduct of Cowen's business during the period between execution of the merger agreement and the consummation of the merger;

the potential effect of the merger on Cowen's overall business, including its relationships with customers, employees and regulators;

the risk that anticipated benefits of the merger may not be realized as a result of difficulties integrating the two companies;

the risk that, despite the combined efforts of Cowen and LaBranche prior to the consummation of the merger, the combined company may lose key personnel;

the risk that the terms of the merger agreement, including provisions relating to the payment of a termination fee under specified circumstances, could have the effect of discouraging other parties that would otherwise be interested in a transaction with Cowen from proposing such a transaction; and

the risks of the type and nature described under the heading "Risk Factors" beginning on page 37 and the matters described under the heading "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 36.

In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, Cowen's board of directors did not find it useful and did not attempt to assign any relative or specific weights to the various factors that it considered in reaching its determination to approve the transactions and the merger agreement and to recommend that Cowen stockholders vote "FOR" the proposal to approve the Cowen stock issuance. In addition, individual members of Cowen's board of directors may have assigned different weights to different factors. Cowen's board of directors conducted an overall analysis of the factors described above, including through discussions with, and questioning of, Cowen's management and outside legal and financial advisors.

**Cowen's board of directors unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the Cowen stock issuance, are in the best interests of Cowen and its stockholders. Cowen's board of directors unanimously recommends that the Cowen stockholders vote "FOR" the proposal to approve the Cowen stock issuance and "FOR" the proposal to adjourn the Cowen special meeting, if necessary, to solicit additional proxies.**

**Opinion of Cowen's Financial Advisor**

*Opinion of Sandler O'Neill & Partners.*

Cowen retained Sandler O'Neill on December 21, 2010 to act as its financial advisor in connection with the potential acquisition of LaBranche. Sandler O'Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of financial





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institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler O'Neill acted as financial advisor to Cowen in connection with the proposed merger and participated in certain of the negotiations leading to the execution of the merger agreement. At the February 16, 2011 meeting at which Cowen's board of directors considered and approved the merger agreement, Sandler O'Neill delivered to the Cowen board its oral opinion that, as of such date, the exchange ratio was fair to Cowen from a financial point of view. **The full text of Sandler O'Neill's opinion is attached as Annex C to this joint proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the opinion. Cowen's and LaBranche's stockholders are urged to read the entire opinion carefully in connection with their consideration of the transactions.**

**Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to Cowen's board and is directed only to the fairness of the exchange ratio paid to LaBranche from a financial point of view. It does not address the underlying business decision of Cowen to engage in the transactions or any other aspect of the transactions and is not a recommendation to any Cowen stockholder as to how such stockholder should vote at the special meeting with respect to the Cowen stock issuance or any other matter.**

In connection with rendering its February 16, 2011 opinion, Sandler O'Neill reviewed, among other things:

- (1) the merger agreement;
- (2) certain publicly available financial statements and other historical financial information of Cowen that Sandler O'Neill deemed relevant;
- (3) certain publicly available financial statements and other historical financial information of LaBranche that Sandler O'Neill deemed relevant;
- (4) publicly available consensus earnings estimates for Cowen for the years ending December 31, 2010 through 2011 and publicly available estimated long-term growth rates for the years thereafter;
- (5) actual earnings and cash flows for selected business units of LaBranche for the year ending December 31, 2010 as adjusted by senior management of Cowen, and estimated long-term industry growth rates for the years thereafter as discussed with Cowen management;
- (6) the unaudited pro forma financial impact of the merger on Cowen based on assumptions relating to changes in business operations of LaBranche following the merger, transaction expenses, purchase accounting adjustments, cost savings and other synergies as determined by the senior management of Cowen;
- (7) a comparison of certain financial information for Cowen, LaBranche, and certain of LaBranche's businesses, with similar institutions for which publicly available information is available;
- (8) certain estimates of the value of the assets and liabilities (contingent or otherwise) of LaBranche prepared by or on behalf of Cowen and adjusted by Cowen to reflect anticipated cost savings following the merger;
- (9) the current market environment generally and the financial services industry environment in particular; and
- (10) such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler O'Neill considered relevant.



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Sandler O'Neill also discussed with certain members of senior management of Cowen the business, financial condition, results of operations and prospects of Cowen and held similar discussions with certain members of senior management of LaBranche regarding the business, financial condition, results of operations and prospects of LaBranche.

In performing its review, Sandler O'Neill relied upon the accuracy and completeness of all of the financial and other information that was available to Sandler O'Neill from public sources, that was provided to Sandler O'Neill by Cowen and LaBranche or their respective representatives or that was otherwise reviewed by Sandler O'Neill and assumed such accuracy and completeness for purposes of rendering its opinion. Sandler O'Neill further relied on the assurances of the respective managements of Cowen and LaBranche that they were not aware of any facts or circumstances that would make any of such information inaccurate or misleading. Sandler O'Neill was not asked to and did not undertake an independent verification of any of such information and Sandler O'Neill assumes no responsibility or liability for the accuracy or completeness thereof. Sandler O'Neill did not make an independent evaluation or appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of Cowen and LaBranche or any of their respective subsidiaries and Sandler O'Neill rendered no opinion or evaluation as to the value of any assets or liabilities (contingent or otherwise) of LaBranche and relied on Cowen management's estimate of LaBranche's net assets and liabilities (including contingent liabilities and transaction related expenses) after funding the ongoing LaBranche businesses anticipated to be retained by Cowen, and that such assets will be sufficient to off-set the contingent liabilities and transaction related expenses of LaBranche.

In preparing its analyses, Sandler O'Neill used publicly available earnings projections and long-term growth rates for Cowen as discussed with management of Cowen. Sandler O'Neill also received and used in its analyses certain projections of changes in certain business operations of LaBranche following the merger, transaction costs, purchase accounting adjustments, expected cost savings and other synergies which were prepared by and/or reviewed with management of Cowen. With respect to those projections, estimates and judgments, the management of Cowen confirmed to Sandler O'Neill that those projections were reasonable, and the estimates and judgments reflected the reasonable estimates and judgments of the future financial performance of Cowen and LaBranche and Sandler O'Neill assumed that such performance would be achieved. Sandler O'Neill expressed no opinion as to such estimates or the assumptions on which they are based.

Sandler O'Neill also assumed that there was no material change in Cowen's and LaBranche's assets, financial condition, results of operations, business or prospects since the date of the most recent financial statements made available to Sandler O'Neill. Sandler O'Neill assumed in all respects material to its analysis that Cowen and certain anticipated ongoing businesses of LaBranche (subject to the anticipated cost savings Cowen expects following the merger) would remain as going concerns for all periods relevant to Sandler O'Neill's analyses, that all of the representations and warranties contained in the merger agreement and all related agreements were true and correct, that each party to the agreements would perform all of the covenants required to be performed by such party under the agreements, that the conditions precedent in the merger agreement were not waived and that the merger would qualify as a tax-free reorganization for federal income tax purposes. Finally, with Cowen's consent, Sandler O'Neill has relied upon the advice Cowen has received from its legal, accounting and tax advisors as to all legal, accounting and tax matters, including the utilization of net operating losses and projected tax rates for Cowen and LaBranche, relating to the merger and the other transactions contemplated by the merger agreement.

Sandler O'Neill's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Sandler O'Neill as of, the date of the opinion. Events occurring after the date of Sandler O'Neill's opinion could materially affect this opinion. Sandler O'Neill has not undertaken to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date thereof. Sandler O'Neill will receive a fee for rendering its opinion and Cowen has also agreed to indemnify Sandler O'Neill against certain liabilities

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arising out of Sandler O'Neill's engagement. In the past Sandler O'Neill has provided, and received fees for, certain investment banking services to Cowen, most recently in connection with serving as an underwriter in Cowen's common stock offering and in connection with Cowen's business combination with Ramius LLC.

In the ordinary course of their respective broker and dealer businesses, Sandler O'Neill may purchase securities from and sell securities to LaBranche and Cowen and their affiliates. Sandler O'Neill may also actively trade the debt and/or equity securities of LaBranche and Cowen or their affiliates for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a long or short position in such securities.

Sandler O'Neill's opinion was directed to the Board of Directors of Cowen in connection with its consideration of the merger and does not constitute a recommendation to any shareholder of either Cowen or LaBranche as to how any such shareholder should vote at any meeting of shareholders called to consider and vote upon the merger. Sandler O'Neill's opinion was directed only to the fairness, from a financial point of view, of the exchange ratio to Cowen and does not address the underlying business decision of Cowen to engage in the merger, the relative merits of the merger as compared to any other alternative business strategies that might exist for Cowen or the effect of any other strategic or financial transaction in which Cowen might engage. The fairness opinion was approved by Sandler O'Neill's fairness opinion committee. Sandler O'Neill does not express any opinion as to the fairness of the amount or nature of the compensation to be received in the merger by any officer, director, or employees, or class of such persons, relative to the compensation to be received in the merger by any other shareholder.

In rendering its February 16, 2011 opinion, Sandler O'Neill performed a variety of financial analyses. The following is a summary of the material analyses performed by Sandler O'Neill, but is not a complete description of all the analyses underlying Sandler O'Neill's opinion. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler O'Neill believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses to be considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Sandler O'Neill's comparative analyses described below is identical to LaBranche or Cowen. Accordingly, an analysis of comparable companies involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values, as the case may be, of LaBranche and Cowen and the companies to which they are being compared.

In performing its analyses, Sandler O'Neill also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of LaBranche, Cowen and Sandler O'Neill. The analysis performed by Sandler O'Neill is not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such analyses. Sandler O'Neill prepared its analyses solely for purposes of rendering its opinion and provided such analyses to the Board of Directors of Cowen at the board's February 16, 2011 meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler O'Neill's analyses do not necessarily reflect the value of LaBranche's or Cowen's common stock or the prices at which LaBranche's or Cowen's common stock may be sold at any time.

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At the February 16, 2011 meeting of Cowen's Board of Directors, Sandler O'Neill presented certain financial analyses of the merger. The summary below is not a complete description of the analyses underlying the opinions of Sandler O'Neill or the presentation made by Sandler O'Neill to Cowen's board, but is instead a summary of the material analyses performed and presented in connection with the opinion.

In arriving at its opinion, Sandler O'Neill did not attribute any particular weight to any analysis or factor that we considered. Rather Sandler O'Neill made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. Sandler O'Neill did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support their respective opinions; rather Sandler O'Neill made their determination as to the fairness of the exchange ratio on the basis of their experience and professional judgment after considering the results of all their analyses taken as a whole. Accordingly, Sandler O'Neill believes that the analysis and the summary of the analysis must be considered as a whole and that selecting portions of the analysis and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying their analyses and opinions. The tables alone do not constitute complete descriptions of the financial analyses presented in such tables.

**Summary of Transaction.** Sandler O'Neill reviewed the financial terms of the transaction. Using the fixed exchange ratio of 0.9980 multiplied by the closing price as of February 14, 2011 of Cowen's Class A common stock of \$4.50, Sandler O'Neill calculated a transaction value of \$4.49 per share, or an aggregate transaction value of \$183.3 million. Based upon financial information for LaBranche as of the year ended December 31, 2010, Sandler O'Neill calculated the following transaction ratios:

#### Transaction Multiples

Transaction price/LaBranche's Book value	<b>88%</b>
Transaction price/LaBranche's Tangible book value	<b>88%</b>
Premium to market(1)	<b>11%</b>

(1)

Based on the closing price as of February 14, 2011 of LaBranche's common stock of \$4.03.

**LaBranche Comparable Company Analysis.** Sandler O'Neill used publicly available information to compare selected financial and market trading information for LaBranche and a group of financial institutions selected by Sandler O'Neill. The LaBranche peer group consisted of the following selected publicly-traded institutional securities and futures firms:

Knight Capital Group, Inc.  
MF Global Ltd.  
BGC Partners, Inc.

Investment Technology Group, Inc.  
Interactive Brokers, Inc.  
GFI Group Inc.

The analysis compared publicly available financial information for LaBranche and the median financial and market trading data for the LaBranche peer group as of and for the twelve months ended December 31, 2010. The table below sets forth the data for LaBranche and the median data for the

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LaBranche peer group as of and for the twelve months ended December 31, 2010, with pricing data as of February 14, 2011.

**Comparable Company Analysis**

	LaBranche	Comparable Group Median Result
Market Capitalization ( <i>in millions</i> )	\$ 165.0	\$ 817.5
Stock Price / 52 Week High Stock Price	66.1%	85.9%
Stock Price / Book Value	0.7x	1.2x
Stock Price / Tangible Book Value	0.7x	2.1x
Stock Price / Est. 2011 EPS(1)	50.4x	15.5x
Stock Price / Est. 2012 EPS(1)	NA	12.2x
Est. Long-term Growth Rate	NA	13.0%
(Stock Price / Est. 2012 EPS) / Est. Long-term Growth Rate	NA	1.2x

(1)

Based on consensus analyst estimates.

**LaBranche Stock Trading History.** Sandler O'Neill reviewed the history of the publicly reported trading prices of LaBranche's common stock for the one- and three-year periods ended February 14, 2011. Sandler O'Neill also reviewed the relationship between the movements in the price of LaBranche's common stock and the movements in the prices of the SNL Broker/Dealer Index and the SNL Financial Technology Index and a market-capitalization weighted index of LaBranche's comparable company peer group over the same period.

**LaBranche One-Year Common Stock Performance**

	Beginning Index Value February 12, 2010	Ending Index Value February 14, 2011
LaBranche.	100%	90%
SNL Broker/Dealer Index	100	113
SNL Financial Technology Index	100	122
LaBranche Peer Group	100	119

**LaBranche Three-Year Common Stock Performance**

	Beginning Index Value February 14, 2008	Ending Index Value February 14, 2011
LaBranche	100%	77%
SNL Broker/Dealer Index	100	64
SNL Financial Technology Index	100	128
LaBranche Peer Group	100	49

**Cowen Comparable Company Analysis.** Sandler O'Neill also used publicly available information to compare selected financial and market trading information for Cowen and a group of financial

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institutions selected by Sandler O'Neill. The Cowen peer group consisted of the following selected publicly-traded "midsized" national investment banks and broker dealers:

Raymond James Financial, Inc.	FBR Capital Markets Corporation
Jefferies Group, Inc.	Sanders Morris Harris Group Inc.
Stifel Financial Corp.	SWS Group, Inc.
KBW, Inc.	Ladenburg Thalmann Financial Services
Piper Jaffray Companies	JMP Group Inc.
Oppenheimer Holdings Inc.	Rodman & Renshaw Capital Group, Inc.
Gleacher & Co. Inc.	

The analysis compared publicly available financial information for Cowen and the median financial and market trading data for the Cowen peer group as of and for the twelve months ended December 31, 2010. The table below sets forth the data for Cowen and the median data for the Cowen peer group as of and for the twelve months ended December 31, 2010, with pricing data as of February 14, 2011.

**Comparable Company Analysis**

	Cowen	Comparable Group Median Result
Market Capitalization ( <i>in millions</i> )	\$ 339.5	\$ 274.7
Stock Price / 52 Week High Stock Price	74.8%	90.6%
Stock Price / Book Value	0.8x	1.5x
Stock Price / Tangible Book Value	0.8x	1.5x
Stock Price / Est. 2011 EPS(1)	11.8x	14.1x
Stock Price / Est. 2012 EPS(1)	NA	13.0x
Est. Long-term Growth Rate	8.0%	15.0%
(Stock Price / Est. 2012 EPS) / Est. Long-term Growth Rate	NA	0.8x

(1)

Based on consensus analyst estimates.

**Cowen Stock Trading History.** Sandler O'Neill reviewed the history of the publicly reported trading prices of Cowen Class A common stock for the one- and three-year periods ended February 14, 2011. Sandler O'Neill also reviewed the relationship between the movements in the price of Cowen Class A common stock and the movements in the prices of the SNL Broker/Dealer Index and a market-capitalization weighted index of Cowen's comparable company peer group.

**Cowen One-Year Common Stock Performance**

	Beginning Index Value February 12, 2010	Ending Index Value February 14, 2011
Cowen	100%	89%
SNL Broker/Dealer Index	100	113
Cowen Peer Group	100	111



Table of Contents**Cowen Three-Year Common Stock Performance**

	<b>Beginning Index Value February 14, 2008</b>	<b>Ending Index Value February 14, 2011</b>
Cowen(1)	100%	49%
SNL Broker/Dealer Index	100	64
Cowen Peer Group	100	125

- (1) Includes performance data for Cowen's common stock for the time period prior to the closing of Cowen's business combination with Ramius on November 2, 2009.

**Net Present Value Analysis**

**LaBranche Net Present Value Analysis.** Sandler O'Neill performed an analysis that estimated the present value per share of LaBranche common stock through December 31, 2015. Based on Cowen management guidance, Sandler O'Neill based LaBranche's 2011 projected earnings on LaBranche's 2010 run-rate earnings of the businesses to be retained by Cowen and adjusted those earnings to reflect cost synergies that would occur after the merger is completed as projected by management of Cowen. For LaBranche's projected earnings for 2012 and beyond, Sandler O'Neill assumed earnings attributable to LaBranche's retained business units would increase by Cowen's consensus publicly available analyst estimated long-term growth rate of eight percent. Sandler O'Neill included in the adjustments to LaBranche's earnings the impact of expected transaction related cost savings of approximately \$15.0 million and assumes LaBranche's aggregate federal net operating losses of \$72.0 million are used to offset taxable income based on Cowen management guidance. Additionally, of LaBranche's net assets of \$199.1 million as of December 31, 2010, Cowen management estimated that approximately \$105.8 million will be sufficient (i) to support and provide capital for the businesses to be retained by Cowen following the merger, and (ii) to fund all expenses related to the businesses of LaBranche to be retained by Cowen following the merger or to be wound down and all other corporate liabilities, contingent or otherwise, of LaBranche. The remaining \$93.3 million, roughly equivalent to LaBranche's cash and cash equivalents at December 31, 2010, would be available to Cowen for general corporate purposes following the merger. To approximate the terminal value of LaBranche common stock at December 31, 2015, Sandler O'Neill applied price to forward earnings multiples of 13.0x to 17.0x as determined by Sandler O'Neill based on certain characteristics of Cowen's business. The income streams and terminal values were then discounted to present values using different discount rates ranging from 14.0% to 19.0%, which were selected as appropriate terminal multiples by Sandler O'Neill to reflect the risk profile of a company with LaBranche's risk profile.

**Earnings Per Share Multiples (Aggregate Value)**

(Value shown is \$millions)

<b>Discount Rate</b>	<b>13.0x</b>	<b>14.0x</b>	<b>15.0x</b>	<b>16.0x</b>	<b>17.0x</b>
<b>14.0%</b>	195.0	200.2	205.4	210.6	215.9
<b>15.0%</b>	191.1	196.1	201.1	206.1	211.1
<b>16.0%</b>	187.4	192.2	197.0	201.8	206.6
<b>17.0%</b>	183.9	188.5	193.1	197.7	202.3
<b>18.0%</b>	180.6	185.0	189.4	193.8	198.2
<b>19.0%</b>	177.5	181.7	185.9	190.1	194.3

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**Earnings Per Share Multiples (Implied Price Per Share)**  
(Value shown is \$ per share)

Discount Rate	13.0x	14.0x	15.0x	16.0x	17.0x
14.0%	4.76	4.89	5.02	5.15	5.27
15.0%	4.67	4.79	4.91	5.04	5.16
16.0%	4.58	4.70	4.81	4.93	5.05
17.0%	4.49	4.61	4.72	4.83	4.94
18.0%	4.41	4.52	4.63	4.73	4.84
19.0%	4.34	4.44	4.54	4.64	4.75

**Cowen Net Present Value Analysis.** Sandler O'Neill performed an analysis that estimated the present value per share of Cowen Class A common stock through December 31, 2015. Sandler O'Neill based the analysis on median consensus analyst pre-tax earnings estimates for Cowen for the year ending December 31, 2011 and the consensus publicly available analyst estimated long-term growth rate for the years thereafter. Sandler O'Neill used pre-tax estimates for 2011 and 2012 assuming Cowen utilizes LaBranche's net operating losses to offset taxable income based on Cowen management guidance. To approximate the terminal value of Cowen Class A common stock at December 31, 2015, Sandler O'Neill applied price to forward earnings multiples of 11.0x to 15.0x as determined by Sandler O'Neill based on the characteristics of Cowen's business. The income streams and terminal values were then discounted to present values using different discount rates ranging from 14.0% to 19.0%, which were selected as appropriate by Sandler O'Neill for a company with Cowen's risk profile.

**Earnings Per Share Multiples (Aggregate Value)**  
(Value shown is \$millions)

Discount Rate	11.0x	12.0x	13.0x	14.0x	15.0x
14.0%	347.4	366.6	385.7	404.8	423.9
15.0%	335.4	353.7	372.0	390.3	408.6
16.0%	323.9	341.4	358.9	376.5	394.0
17.0%	312.9	329.7	346.5	363.3	380.1
18.0%	302.4	318.5	334.6	350.7	366.8
19.0%	292.5	307.9	323.3	338.8	354.2

**Earnings Per Share Multiples (Implied Price Per Share)**  
(Value shown is \$ per share)

Discount Rate	11.0x	12.0x	13.0x	14.0x	15.0x
14.0%	4.60	4.86	5.11	5.36	5.62
15.0%	4.44	4.69	4.93	5.17	5.41
16.0%	4.29	4.52	4.75	4.99	5.22
17.0%	4.14	4.37	4.59	4.81	5.03
18.0%	4.01	4.22	4.43	4.65	4.86
19.0%	3.87	4.08	4.28	4.49	4.69

**Pro Forma Merger Analysis.** Sandler O'Neill analyzed certain potential pro forma effects of the merger, assuming the following: (1) the merger is completed at the end of the second quarter of 2011; (2) LaBranche shares are exchanged for 0.9980 of a share of Cowen Class A common stock; (3) actual earnings and cash flows for selected business units of LaBranche for the year ending December 31, 2010 as adjusted by senior management of Cowen, and estimated long-term industry growth rates for

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the years thereafter as discussed with Cowen management; (4) cost savings of \$15 million, with 100% realized in the first full year; (5) net investable capital of \$93.3 million, assuming a pre-tax return of 12.8% (which is based on Cowen's historical average annual return on proprietary capital since 1999) on excess capital; and (6) certain other assumptions pertaining to costs and expenses associated with the transactions, unallocated negative goodwill and other items.

For the years ending December 31, 2011 and 2012, Sandler O'Neill compared the earnings per share of Cowen Class A common stock to earnings per share of the combined company using the foregoing assumptions.

The following table sets forth the results of the analysis:

	<b>GAAP Basis Accretion / (Dilution) %</b>
2011 Estimated EPS	31.1%
2012 Estimated EPS	(0.4)%

	<b>GAAP Basis Accretion / (Dilution) %(1)</b>
2011 Estimated EPS	(1.3)%
2012 Estimated EPS	(0.4)%

(1) Excluding one-time transaction expenses

At June 30, 2011 and for the years ending December 31, 2011 and 2012, Sandler O'Neill compared the tangible book value per share of Cowen Class A common stock to tangible book value per share of the combined company using the foregoing assumptions.

The following table sets forth the results of the analysis:

	<b>GAAP Basis Accretion / (Dilution) %</b>
Estimated Tangible Book Value at Closing	(3.0)%
2011 Estimated Tangible Book Value	(2.4)%
2012 Estimated Tangible Book Value	(2.5)%

The analyses indicated that the merger would be accretive to Cowen's projected 2011 earnings per share including one-time transaction expenses and slightly dilutive excluding one-time transaction expenses. The actual results achieved by the combined company may vary from projected results and the variations may be material.

**Sandler O'Neill's Compensation and Other Relationships with Cowen** Sandler O'Neill has acted as financial advisor to the board of directors of Cowen in connection with the merger. Cowen agreed to pay Sandler O'Neill a fee of \$500,000 for rendering its fairness opinion to the Cowen board of directors. Cowen has also agreed to reimburse Sandler O'Neill for its reasonable out-of-pocket expenses and to indemnify Sandler O'Neill against certain liabilities arising out of its engagement.

### Board of Directors and Management Following the Merger

Effective as of, and subject to the occurrence of, the effective time of the merger, the board of directors of Cowen will consist of eight members, including: (i) the six directors of Cowen immediately prior to the merger, (ii) George M.L. LaBranche, IV (the current Chairman, Chief Executive Officer and President of LaBranche) and (iii) Katherine Elizabeth Dietze (a current director of LaBranche).



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Upon completion of the merger, Mr. LaBranche will serve as a Senior Managing Director of Cowen. William "Chip" Burke, III, Chief Operating Officer of LaBranche, will also join Cowen as a Senior Managing Director.

**Regulatory Clearances Required for the Merger**

LaBranche and Cowen have each agreed to use reasonable best efforts to obtain all regulatory approvals required to complete the transactions contemplated by the merger agreement. These approvals include approval from or notices to the SEC, FINRA, NASDAQ Stock Market, the Financial Services Administration in the United Kingdom, the Securities and Futures Commission of Hong Kong, the Department of Justice (or the DOJ), the Federal Trade Commission (or the FTC) and various other federal, state and foreign regulatory authorities and self-regulatory organizations. LaBranche and Cowen have completed, or will shortly complete, the filing of applications and notifications to obtain the required regulatory approvals.

**U.S. Antitrust Clearance.** Under the HSR Act and the rules promulgated thereunder by the FTC, the transactions may not be consummated until notifications have been given and certain information has been furnished to the FTC and the Antitrust Division of the DOJ and specified waiting period requirements have been satisfied. LaBranche and Cowen filed the requisite HSR Act notification forms on March 25, 2011 and, on April 7, 2011, the HSR Act waiting period, which was scheduled to expire at 11:59 p.m. on April 25, 2011, was terminated early. Both before and after the expiration of the waiting period, the FTC and the DOJ retain the authority to challenge the transactions on antitrust grounds.

In addition, the merger may be reviewed by the state attorneys general in the various states in which LaBranche and Cowen operate. While LaBranche and Cowen believe there are substantial arguments to the contrary, these authorities may claim that there is authority, under the applicable state and federal antitrust laws and regulations, to investigate and/or disapprove the merger under the circumstances and based on the review set forth in applicable state laws and regulations. There can be no assurance that one or more state attorneys general will not attempt to file an antitrust action to challenge the merger. As of the date of this document, neither Cowen nor LaBranche has been notified by any state attorneys general indicating that they plan to review the merger.

**Other Requisite U.S. Approvals, Notices and Consents.** Notifications and/or applications requesting approval must be submitted to various regulatory and self-regulatory organizations in connection with the transactions, including applications and notices to FINRA in connection with the indirect change in control, as a result of the merger, of LaBranche's registered broker-dealer subsidiary. LaBranche and Cowen will file and submit applications and notices required to be submitted to obtain these approvals and provide these notices.

**Foreign Approvals.** Approvals also may be required from, or notices must be submitted to, foreign regulatory authorities in connection with the merger and the change in ownership of particular businesses that are controlled by LaBranche and Cowen abroad, including the Financial Services Authority in the United Kingdom and the Securities and Futures Commission of Hong Kong. LaBranche and Cowen have filed all applications and notices required to be submitted to obtain these approvals and have filed, or shortly will file, any other approvals that may be required to complete the merger.

**Timing.** There can be no assurances that all of the regulatory approvals described above will be obtained and, if obtained, there can be no assurances as to the timing of any approvals, Cowen's and LaBranche's ability to obtain the approvals on satisfactory terms or the absence of any litigation challenging such approvals.

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LaBranche and Cowen believe that the merger does not raise substantial antitrust or other significant regulatory concerns and that LaBranche and Cowen can obtain all requisite regulatory approvals on a timely basis without the imposition of any condition or restriction that would have a material adverse effect on LaBranche or Cowen. The parties' obligation to complete the merger is conditioned on the receipt of all required regulatory approvals.

It is presently contemplated that if any governmental approvals or actions are required beyond those listed above, such approvals or actions will be sought. There can be no assurance, however, that any additional approvals or actions will be obtained. The parties are required to use their reasonable best efforts to file all the necessary documentation and obtain all consents of third parties that are necessary to complete the merger and to comply with the terms and conditions of all consents, approvals and authorizations of any third party or governmental entity.

**Exchange of Shares in the Merger**

Prior to the effective time of the merger, Cowen will appoint an exchange agent to handle the exchange of shares of LaBranche common stock for shares of Cowen Class A common stock. At the effective time of the merger, each share of LaBranche common stock will be converted into the right to receive 0.9980 shares of Cowen Class A common stock without the need for any action by the holders of LaBranche common stock.

As promptly as practicable after the effective time of the merger, Cowen will cause the exchange agent to send a letter of transmittal specifying, among other things, that delivery will be effected, and risk of loss and title to any certificates representing LaBranche shares shall pass, upon proper delivery of such certificates to the exchange agent. The letter will also include instructions explaining the procedure for surrendering LaBranche stock certificates, if any, in exchange for shares of Cowen Class A common stock.

LaBranche stockholders will not receive any fractional shares of Cowen Class A common stock pursuant to the merger. Instead of any fractional shares, LaBranche stockholders will be paid an amount in cash for such fraction calculated by multiplying the fractional share interest to which such holder would otherwise be entitled by \$4.72, the closing price of Cowen Class A common stock on February 16, 2011, as provided in the merger agreement.

After the effective time of the merger, shares of LaBranche common stock will no longer be outstanding, will be canceled and retired and will cease to exist and each certificate, if any, that previously represented shares of LaBranche common stock will represent only the right to receive the merger consideration as described above. With respect to such shares of Cowen Class A common stock deliverable upon the surrender of LaBranche stock certificates, until holders of such LaBranche stock certificates have surrendered such stock certificates to the exchange agent for exchange, those holders will not receive dividends or distributions with respect to such shares of Cowen Class A common stock with a record date after the effective time of the merger.

Cowen stockholders need not take any action with respect to their stock certificates.

**Treatment of LaBranche Stock Options and Other Stock Awards**

Upon completion of the merger, each of the 230,000 outstanding options to purchase LaBranche common stock granted pursuant to the previously terminated Amended and Restated LaBranche & Co Inc. 1999 Equity Incentive Plan will be cancelled for no consideration. LaBranche will also take all steps necessary to cause the LaBranche & Co Inc. 2010 Equity Incentive Plan to be terminated no later than the completion of the merger.

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**Dividend Policy**

Neither Cowen nor LaBranche paid any dividends in 2008, 2009 or 2010 and neither has any current intention of doing so.

**Listing of Cowen Class A Common Stock**

It is a condition to the completion of the merger that the shares of Cowen Class A common stock to be issued pursuant to the merger be authorized for quotation or listing, as the case may be, on the NASDAQ Global Select Market (or any successor inter-dealer quotation system or stock exchange thereto), subject to official notice of issuance.

**De-Listing and Deregistration of LaBranche Stock**

Upon completion of the merger, the LaBranche common stock currently listed on the New York Stock Exchange will cease to be listed on the New York Stock Exchange and will subsequently be deregistered under the Exchange Act.

**No Appraisal Rights**

Under Delaware law, holders of LaBranche common stock and holders of Cowen Class A common stock are not entitled to appraisal rights in connection with the merger. See the section entitled "No Appraisal Rights" beginning on page 140.

**Notice of Proposed Settlement of Litigation Relating to the Merger**

On February 22, 2011, a putative class action by a purported holder of LaBranche stock, captioned *Moskal v. LaBranche & Co., et. al.*, was filed in the Supreme Court of the State of New York, County of New York, naming as defendants LaBranche, members of the LaBranche Board (which we refer to collectively for purposes of this section titled "The Merger Notice of Proposed Settlement of Litigation Relating to the Merger" as LaBranche), Cowen and Merger Sub. On February 24, 2011, a separate lawsuit was filed, captioned *Borowka v. LaBranche & Co., et al.*, in the Supreme Court of the State of New York, County of New York against the same parties. The two lawsuits, which were consolidated on April 19, 2011, challenge LaBranche's decision to enter into the merger. On April 15, 2011, plaintiff filed an amended complaint. The amended complaint alleges that members of the LaBranche Board breached the fiduciary duties owed to the LaBranche stockholders by failing to maximize the sale price for LaBranche, by agreeing to provisions in the merger agreement that allegedly are intended to deter alternative bids, and by failing to disclose material information to LaBranche stockholders in connection with the merger. The amended complaint further alleges that two members of the LaBranche board of directors were motivated to approve the merger agreement by the prospect of positions with Cowen following the closing of the merger. The amended complaint also alleges, among other things, that LaBranche, Cowen and Merger Sub aided and abetted LaBranche's directors in breaching their fiduciary duties to stockholders. The amended complaint seeks, among other things, injunctive relief against consummation of the merger, attorneys' fees and damages in an unspecified amount.

On May 2, 2011, counsel for the parties to the consolidated lawsuit reached an agreement in principle to settle the consolidated lawsuit reflected in a memorandum of understanding. In connection with the settlement, LaBranche and Cowen agreed to make certain additional disclosures, which are contained in this joint proxy statement/prospectus.

The memorandum of understanding also contemplates that the parties will enter into a stipulation of settlement. The stipulation of settlement will contain customary releases and will be subject to customary conditions, including approval by the Court. In the event that the parties enter into a

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stipulation of settlement, a hearing will be scheduled at which the Court will consider the fairness, reasonableness and adequacy of the settlement which, if finally approved by the Court, will resolve all of the claims that were or could have been brought in the actions being settled, including all claims relating to the merger, the merger agreement and any disclosure made in connection therewith.

In addition, in connection with the settlement and as provided in the memorandum of understanding, the parties contemplate that plaintiffs' counsel will seek an award of attorneys' fees and expenses as part of the settlement.

There can be no assurance that the parties will ultimately enter into a stipulation of settlement or that the Court will approve the settlement even if the parties were to enter into such stipulation. In such event, the proposed settlement as contemplated by the memorandum of understanding may be terminated. The settlement will not affect the amount of the merger consideration that LaBranche stockholders are entitled to receive in the merger.

LaBranche, Cowen and Merger Sub deny all liability with respect to the facts and claims alleged in the consolidated lawsuit, and specifically deny that any further supplemental disclosure was required under any applicable rule, statute, regulation or law. However, LaBranche, Cowen and Merger Sub considered it desirable to settle the consolidated lawsuit to avoid the risk of delaying or adversely affecting the merger and the related transactions, to minimize the expense of defending the consolidated lawsuit, to provide additional information to LaBranche's stockholders and to otherwise avoid the substantial burden, expense, inconvenience and distraction of continued litigation.

The foregoing is only a brief summary of the consolidated lawsuit and the proposed settlement. Complete information about the consolidated lawsuit and the court proceedings relating to the proposed settlement is or will be available in the official files of the courts in New York in which the consolidated lawsuit is pending.



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**THE MERGER AGREEMENT**

The following section summarizes material provisions of the merger agreement, which is included in this joint proxy statement/prospectus as Annex A and is incorporated herein by reference in its entirety. The rights and obligations of LaBranche and Cowen are governed by the express terms and conditions of the merger agreement and not by this summary or any other information contained in this joint proxy statement/prospectus. LaBranche and Cowen stockholders are urged to read the merger agreement carefully and in its entirety as well as this joint proxy statement/prospectus before making any decisions regarding the merger, including the approval and adoption of the merger agreement and approval of the merger or the approval of the Cowen stock issuance, as applicable. This summary is qualified in its entirety by reference to the merger agreement.

The merger agreement is included in this joint proxy statement/prospectus to provide you with information regarding its terms and is not intended to provide any factual information about LaBranche or Cowen. The merger agreement contains representations and warranties that the parties made to each other as of the date of the merger agreement or other specific dates, solely for purposes of the contract between the parties, and those representations and warranties should not be relied upon by any other person. The assertions embodied in those representations and warranties are subject to important qualifications and limitations agreed to by parties in connection with negotiating the merger agreement. You should not rely upon the representations and warranties as accurate or complete or characterizations of the actual state of facts as of any specified date since the representations and warranties:

may not be intended to establish matters of fact, but rather to allocate the risk between the parties in the event the statements therein prove to be inaccurate;

have been modified in important part by certain underlying disclosures that were made between the parties in connection with the negotiation of the merger agreement, which are not reflected in the merger agreement itself or publicly filed; and

such disclosures are subject to contractual standards of materiality different from what is generally applicable to you or other investors.

Accordingly, the representations and warranties and other provisions of the merger agreement should not be read alone, but instead should be read together with the information provided elsewhere in this joint proxy statement/prospectus and in the documents incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 143.

**Terms of the Merger; Merger Consideration**

The merger agreement provides that, on the terms and subject to the conditions set forth in the merger agreement and in accordance with the General Corporation Law of the State of Delaware (which we refer to as the DGCL), at the effective time of the merger, Merger Sub, a Delaware corporation and newly formed subsidiary of Cowen, will merge with and into LaBranche. LaBranche will be the surviving corporation in the merger. At the effective time of the merger, each outstanding share of LaBranche common stock (other than shares owned by LaBranche, which will be canceled and cease to exist) will be converted into the right to receive 0.9980 shares of Cowen Class A common stock. Immediately following the effective time of the merger, Cowen shall cause LaBranche to be merged with Merger Sub LLC, a wholly owned subsidiary of Cowen, with Merger Sub LLC continuing as the surviving company.

Cowen will not issue fractional shares of Cowen Class A common stock pursuant to the merger agreement. Instead, each LaBranche stockholder who otherwise would have been entitled to receive a fraction of a share of Cowen Class A common stock will receive in lieu thereof an amount in cash for such fraction calculated by multiplying the fractional share interest to which such holder would otherwise be entitled by \$4.72, as provided in the merger agreement.

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The exchange ratio will be adjusted appropriately and proportionately to fully reflect the effect of any reclassification, stock split, reverse stock split, combination, dividend or distribution of shares or other similar event with respect to the shares of either Cowen Class A common stock or LaBranche common stock prior to the effective time of the merger.

**Completion of the Merger**

Unless the parties agree otherwise, the closing of the merger will take place no later than the third business day after all conditions to the completion of the merger have been satisfied or waived. The merger will be effective when the parties file a certificate of merger with the Secretary of State of the State of Delaware, or at such later time as the parties agree and specify in the certificate of merger.

**Representations and Warranties**

The merger agreement contains representations and warranties made by each of LaBranche and Cowen. LaBranche has made representations and warranties regarding, among other things:

organization and corporate power;

authority with respect to the execution and delivery of the merger agreement, and the due and valid execution and delivery and enforceability of the merger agreement;

absence of conflicts;

required filings and consents and approvals of governmental entities and other persons;

capital structure including with respect to LaBranche's Consolidated Tangible Book Equity and the ratio of LaBranche's assets to such financial measure;

SEC filings;

financial statements;

absence of certain broker's fees;

absence of certain changes and events;

legal proceedings;

taxes and tax returns;

employee and labor matters;

certain contracts;

intellectual property;

compliance with applicable laws and permits;

risk management instruments;

requisite board approval of the merger agreement and the merger;

interested party transactions;

opinion from financial advisors;

accuracy of information supplied or to be supplied for use in this joint proxy statement/prospectus; and

requisite stockholder vote.

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Cowen has made representations and warranties regarding, among other things:

organization and corporate power;

authority with respect to the execution and delivery of the merger agreement, and the due and valid execution and delivery and enforceability of the merger agreement;

required filings and consents and approvals of governmental entities and other persons;

capital structure;

SEC filings;

financial statements;

absence of certain broker's fees;

absence of certain changes and events;

legal proceedings;

certain contracts;

employee matters;

intellectual property;

insurance;

compliance with applicable laws and permits;

taxes and tax returns;

requisite board approval of the Cowen stock issuance;

interested party transactions;

opinion from financial advisors;

accuracy of information supplied or to be supplied for use in this joint proxy statement/prospectus;

requisite stockholder vote; and

operation of unregistered funds managed or advised by Cowen.

The merger agreement also contains certain representations and warranties of Cowen with respect to its wholly owned subsidiary, Merger Sub, including corporate organization, lack of prior business activities, capitalization and authority with respect to the execution and delivery of the merger agreement.

Many of the representations and warranties in the merger agreement are qualified by a "materiality" or "material adverse effect" standard (that is, they will not be deemed to be untrue or incorrect unless their failure to be true or correct, individually or in the aggregate, would, as the case may be, be material or have a material adverse effect). For purposes of the merger agreement, a "material adverse effect" means, with respect to a party, any event, change, circumstances or development which has or is reasonably likely to have a material adverse effect on (i) the ability of such party to timely consummate the transactions contemplated by the merger agreement, including the merger, or (ii) the financial condition, results of operations or business of such party and its subsidiaries, taken as a whole, except that the definition of "material adverse effect", with respect to clause (ii) above, excludes any effect that results from:

subsequent changes in GAAP or regulatory accounting requirements generally applicable to companies in the industries in which a party and its subsidiaries operate (except for changes that

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are materially and disproportionately adverse to the financial condition, results of operations or business of the party and its subsidiaries, taken as a whole, as compared to other companies in the industry in which that party operates);

changes in laws (or the interpretation thereof) generally applicable to the industries in which the parties operate (except for changes that are materially and disproportionately adverse to the financial condition, results of operations or business of a party and its subsidiaries, taken as a whole, as compared to other companies in the industry in which that party operates);

actions or omissions taken with the prior written consent of the other party or expressly required by the merger agreement;

changes in global, national or regional political conditions (including acts of terrorism or war) or general business, economic or market conditions, including changes generally in prevailing interest rates, currency exchange rates, credit markets and price levels or trading volumes in the United States or foreign securities markets, in each case generally affecting the industries in which a party or its subsidiaries operate (except for changes that are materially and disproportionately adverse to the financial condition, results of operations or business of such party and its subsidiaries, taken as a whole, as compared to other companies in the industry in which that party operates);

changes in the underlying securities prices in the portfolios of a party or its subsidiaries;

the execution or the public disclosure of the merger agreement or the transactions contemplated thereby, including resulting losses of employees, if any;

earthquakes, hurricanes, tornados other natural disasters;

any action taken by a party as contemplated or permitted by the merger agreement or with consent of the other party;

any decline in the market price or change in trading volume of the capital stock of a party or any failure to meet publicly announced revenue or earnings projections (however, the underlying facts or occurrences giving rise or contributing to such changes will be taken into account in determining whether there has been a material adverse effect); or

any litigation arising from or relating to the merger agreement or the transactions contemplated thereby.

As described directly under "The Merger Agreement" beginning on page 93 above, the parties to the merger agreement made the representations and warranties contained therein solely for purposes of the contract between the parties, and those representations and warranties should not be relied upon by any other person. Further, the assertions embodied in those representations and warranties are subject to important qualifications and limitations agreed to by the parties in connection with negotiating the merger agreement, and you should not rely upon the representations and warranties as accurate or complete or characterizations of the actual state of facts as of any specified date.

**Conduct of Business**

Each of LaBranche and Cowen has agreed to certain covenants in the merger agreement restricting the conduct of its business between the date of the merger agreement and the effective time of the merger. In general, LaBranche has agreed to (i) conduct in all material respects its business in the ordinary course (as defined in the merger agreement) and in compliance with applicable law, (ii) maintain in all material respects its assets, properties, rights and operations in accordance with present practice in a condition suitable for their current use, and (iii) use commercially reasonable efforts to preserve substantially intact the business organization of LaBranche and to preserve, in all



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material respects, the present relationships of LaBranche with all persons with whom it has a significant business relationship.

In addition, LaBranche has agreed to specific restrictions relating to the conduct of its business between the date of the merger agreement and the effective time of the merger, including the following (subject, in each case, to exceptions specified below and in the merger agreement or previously disclosed in writing to the other party as provided in the merger agreement):

make any material change in the conduct of its business or enter into any transaction other than in the ordinary course of business;

make any change in any of its organizational documents; issue any additional shares of capital stock (other than upon the exercise of options outstanding on the date of the merger agreement) or other equity securities (or other securities exchangeable or convertible into equity securities) or grant any option, warrant or right to acquire any capital stock or other equity interests; or alter in any way its outstanding securities or its capitalization;

amend any of its organizational documents or otherwise take any action to exempt any person from any applicable takeover statute or other restrictive provisions of its organizational documents or terminate, amend or waive any provisions of any confidentiality or standstill agreements;

make any sale, assignment, transfer, abandonment, sublease or other conveyance of its material assets or rights other than in the ordinary course of business;

subject any of its material assets, properties or rights to any lien;

redeem, retire, purchase or otherwise acquire, directly or indirectly, any shares of the capital stock, membership interests or partnership interests or other ownership interests of it or its subsidiaries or declare, set aside or pay any dividends or other distribution in respect of such shares or interests;

acquire, lease or sublease any material assets or properties (including any real property), other than in the ordinary course of business;

except as required by law or by the terms of certain existing benefit plan:

increase the compensation or benefits of any directors, officers, consultants or employees;

establish, adopt, enter into or amend any collective bargaining, bonus, profit sharing, thrift, compensation, employment, termination, severance, stock incentive or other plan, agreement, trust, fund, policy or arrangement for the benefit of any director, officer, consultant or employee;

increase the benefits payable under any existing severance or termination pay policies or employment or other agreements;



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take any affirmative action to accelerate the vesting of any stock-based compensation;

grant any awards under any bonus, incentive, performance or other compensation plan or arrangement or benefit plan;

take any action to fund or in any other way secure the payment of compensation or benefits under any existing benefit plan;

make any material determinations other than in the ordinary course of business under any existing benefit plan;

grant or promise any tax offset payment award under any existing benefit plan;

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make any loan or cash advance to, or engage in any transaction with, any current or former director, officer, employee, consultant or independent contractor;

hire any key officers, consultants or employees; or

terminate the employment of any officer, consultant or employee to the extent that such termination would result in any liability to LaBranche or Cowen, following the closing of the merger, in excess of \$50,000.

enter into any agreement, contract or commitment to spend in excess of \$50,000 (or purchase goods and/or services with a value in excess of \$50,000) over the term of such agreement, contract or commitment or contractually commit, in any given month, to make capital expenditures in excess of \$250,000 in the aggregate, in each case, other than in the ordinary course of business;

pay, lend or advance any amount to, or sell, transfer or lease any properties or assets to, or enter into any agreement or arrangement with, any of its affiliates (other than its wholly owned subsidiaries);

fail to keep in full force and effect insurance comparable in amount and scope to coverage maintained;

make any material change in any method of accounting or accounting principle, method, estimate or practice except for any such change required by reason of a concurrent change in GAAP or required by applicable law, or write off as uncollectible any material accounts receivable other than in the ordinary course of business;

make or change any material tax election, change an annual accounting period, adopt or change any material accounting method, file any material amended tax return, enter into any closing agreement, settle any material tax claim or assessment relating to it or any of its subsidiaries, surrender any right to claim a material refund of taxes or consent to any extension or waiver of the limitation period applicable to any tax claim or assessment relating to it or any of its subsidiaries except in the ordinary course of business;

settle, release or forgive any material claim, litigation or regulatory proceeding or waive any right thereto other than with respect to disputes with customers and vendors in the ordinary course of business;

lend any money, or incur or guarantee any indebtedness for borrowed money (other than letters of credit in the ordinary course of business) or enter into any material capital lease obligation; or

agree to take any action prohibited by any of the conduct of business covenants discussed above.

In general, Cowen has agreed to conduct its business in all material respects (i) in the ordinary course of business and (ii) in compliance with applicable laws.

In addition, Cowen has agreed to specific restrictions relating to the conduct of its business between the date of the merger agreement and the effective time of the merger, including the following (subject, in each case, to exceptions specified below and in the merger agreement or previously disclosed in writing to the other party as provided in the merger agreement):

make any change in any of its organizational documents;

other than with respect to restricted shares of, or options to purchase, Cowen Class A common stock or Cowen restricted stock units, redeem, retire, purchase or otherwise acquire, directly or indirectly, any shares of the capital stock, membership interests or partnership interests or other ownership interests of it or its subsidiaries or declare, set aside or pay any dividends or other distribution in respect of its shares or interests;

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other than in connection with the exercise or grants of restricted shares of, or options to purchase, Cowen Class A common stock or Cowen restricted stock units (provided that Cowen shall not increase the number of shares issuable pursuant to the Cowen stock plans): (1) issue any additional shares of capital stock, membership interests or partnership interests or other equity securities or grant any option, warrant or right to acquire any capital stock, membership interests or partnership interests or other equity securities or issue any security convertible into or exchangeable for such securities, in excess of, in the aggregate, 7,500,000 shares of Cowen capital stock or other equity securities, including any shares of Cowen capital stock issuable upon conversion of such equity securities or (2) alter in any way any of its outstanding securities or make any change in outstanding shares of capital stock, membership interests or partnership interests or other ownership interests or its capitalization, whether by reason of a reclassification, recapitalization, stock split or combination, exchange or readjustment of shares, stock dividend or otherwise, other than in connection with the exercise of restricted shares of, or options to purchase, Cowen Class A common stock or Cowen restricted stock units;

directly or indirectly acquire by merging or consolidating with, or by purchasing all of or a controlling equity interest in, or by any other manner, any other company or division, business or equity interest of any other company if such acquisition would reasonably be expected to impair, in any material respect, the ability of the parties to satisfy any of the conditions to the merger set forth in the merger agreement; or

agree to take any action prohibited by any of the conduct of business covenants made in the merger agreement.

**No Solicitation of Alternative Proposals**

Each of LaBranche and Cowen has agreed that, from the time of the execution of the merger agreement until the earlier of the termination of the merger agreement or the completion of the merger, it and its subsidiaries will not and will not authorize its affiliates, directors, officers, employees, representatives or other intermediaries to, directly or indirectly, (i) solicit, initiate, knowingly facilitate or encourage the submission of inquiries, proposals or offers relating to an acquisition proposal, (ii) enter into any agreement to facilitate or consummate any acquisition proposal, or approve or endorse any acquisition proposal or abandon, terminate or fail to consummate the merger or (iii) participate in any discussions or negotiations in connection with any acquisition proposal, or furnish or provide any non-public information with respect to its business, properties or assets in connection with any acquisition proposal. The merger agreement also requires both LaBranche and Cowen (a) to cease, and cause to be terminated, all discussions or negotiations with any person conducted prior to the execution of the merger agreement with respect to any acquisition proposal, (b) to not, and cause each of its subsidiaries not to, terminate, waive, amend or modify any provision of any existing standstill or confidentiality agreement and (c) to not take any action to exempt any person from any applicable takeover statute or other restrictive provisions contained in any applicable laws or otherwise cause such restrictions not to apply.

An "acquisition proposal" with respect to LaBranche means any offer or proposal for a merger, reorganization, recapitalization, consolidation, share exchange, business combination or other similar transaction involving LaBranche or any of its subsidiaries or any proposal or offer to acquire, directly or indirectly, securities representing more than 15% of the voting power of LaBranche or more than 15% of the assets of LaBranche and its subsidiaries.

An "acquisition proposal" with respect to Cowen means any offer or proposal for a merger, reorganization, recapitalization, consolidation, share exchange, business combination or other similar transaction involving Cowen or any of its subsidiaries or any proposal or offer to acquire, directly or indirectly, securities representing more than 35% of the voting power of Cowen or more than 35% of the assets of Cowen and its subsidiaries.

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Notwithstanding the restrictions described above, prior to the applicable stockholder meeting, the board of directors of each of LaBranche and Cowen is permitted to furnish information with respect to LaBranche or Cowen, as applicable, and enter into negotiations or discussions with a person who has made an acquisition proposal if the board of directors of such party reasonably determines in good faith that such acquisition proposal constitutes or would reasonably be expected to lead to a superior proposal.

A "superior proposal" with respect to LaBranche means any proposal made by a third party to enter into any transaction involving an "acquisition proposal" with respect to LaBranche that LaBranche's board of directors determines in its good faith judgment (after consultation with LaBranche's outside legal counsel and financial advisor) (i) to be more favorable to LaBranche's stockholders than the merger agreement and the merger, taking into account all terms and conditions of such transaction (including any break-up fees, expense reimbursement provision and financial terms, the anticipated timing, conditions and prospects for completion of such transaction) and (ii) is reasonably likely to be completed, except that the reference to "15%" in the definition of "acquisition proposal" with respect to LaBranche shall be deemed to be a reference to "50%".

A "superior proposal" with respect to Cowen means any proposal made by a third party to enter into any transaction involving an "acquisition proposal" with respect to Cowen that Cowen's board of directors determines in its good faith judgment (after consultation with Cowen's outside legal counsel and financial advisor) to be more favorable to Cowen's stockholders than the merger agreement and the merger, taking into account all terms and conditions of such transaction (including any break-up fees, expense reimbursement provision and financial terms, the anticipated timing, conditions and prospects for completion of such transaction).

However, LaBranche can enter into an agreement (other than a confidentiality agreement) with respect to an acquisition proposal upon a good faith determination by the LaBranche board of directors, after consultation with its financial advisors and outside legal counsel, that the proposal is a superior proposal and concurrently pays Cowen a termination fee of \$6,250,000.

The merger agreement requires that the parties notify each other within 24 hours of, among other things, the receipt of, or inquiry or discussion regarding, any acquisition proposal or request for non-public information. Any such notification shall include the material terms and conditions of any such acquisition proposal, request, inquiry or discussion. In addition, the merger agreement requires the parties to continue to inform each other of material changes to any acquisition proposal and provide to each other, within 24 hours of receipt, all correspondence and other written material received from any third party in connection with an acquisition proposal.

**Changes in Board Recommendations**

The board of directors of each of LaBranche and Cowen has agreed that it will not (i) withdraw or modify in a manner adverse to the other party the recommendation by such board with respect to the transactions contemplated by the merger agreement, as applicable, (ii) recommend the approval or adoption of any acquisition proposal or (iii) propose publicly to recommend any agreement regarding an acquisition proposal.

Notwithstanding the restrictions described above, prior to obtaining the relevant stockholder approval, the board of directors of each of LaBranche and Cowen is permitted to withdraw or modify its recommendation of the merger agreement or the merger in response (i) to an intervening event or development that affects the business, assets or operations of LaBranche or Cowen, respectively, to the extent such event or development was not known by such party's board of directors as of the date of the merger agreement or (ii) an acquisition proposal that was unsolicited and did not result from a breach of the restrictions described above, if the board of directors of LaBranche or Cowen, as applicable, has determined in good faith, after consultation with its financial advisors and outside legal

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counsel, that (x), in the case of (ii) above, such acquisition proposal is a superior proposal and (y) in the case of (i) and (ii) above, the failure to take such action would be inconsistent with its fiduciary duties under applicable law to the stockholders of LaBranche or Cowen, as applicable. Prior to taking any such action (or, in the case of LaBranche, the entry into an agreement with respect to an acquisition proposal), such board of directors must inform the other party in writing of its decision to change its recommendation, provide the material terms and conditions of any acquisition proposal to the other party if an acquisition proposal has been made prior to such action and, in any event, allow, in the case of LaBranche's board of directors, five business days, and, in the case of Cowen's board of directors, three business days, to elapse following the other party's receipt of such written notice, during which time the other party may negotiate changes to the merger agreement. Upon any amendment to the amount or form of consideration of an acquisition proposal with respect to LaBranche, an additional three business days must be provided during which time Cowen may negotiate changes to the merger agreement.

If the board of directors of Cowen withdraws (or amends or modifies in a manner adverse to LaBranche) its recommendation, Cowen will nonetheless continue to be obligated to hold its stockholders meeting and submit the Cowen stock issuance to its stockholders. If the board of directors of LaBranche withdraws (or amends or modifies in a manner adverse to Cowen) its recommendation, LaBranche will nonetheless continue to be obligated to hold its stockholders meeting and submit the merger agreement to its stockholders unless LaBranche terminates the merger agreement, after having complied with its non-solicitation obligations and, concurrently with such termination, LaBranche enters into a definitive agreement with respect to a superior proposal and pays Cowen a termination fee of \$6,250,000.

**Efforts to Obtain Required Stockholder Votes**

LaBranche has also agreed to hold its special stockholders meeting and, subject to the qualifications described above, to use its reasonable best efforts to obtain stockholder approval and adoption of the merger agreement and approval of the merger. The board of directors of LaBranche has approved the merger agreement and declared the merger agreement and the transactions contemplated thereby, including the merger, advisable and in the best interests of LaBranche and its stockholders and adopted resolutions directing that the merger agreement be submitted to the LaBranche stockholders for their consideration. LaBranche is required to submit the merger agreement to its stockholders even if LaBranche's board of directors has withdrawn (or amended or modified in a manner adverse to Cowen) its approval or recommendation, unless LaBranche terminates the merger agreement and, concurrently, enters into a definitive agreement with respect to a superior proposal, after complying with its obligations with respect to non-solicitation and pays Cowen a termination fee of \$6,250,000.

Cowen has agreed to hold its special stockholders meeting and, subject to the qualifications described above, to use its reasonable best efforts to obtain stockholder approval of the Cowen stock issuance. The merger agreement requires Cowen to submit this proposal to a stockholder vote even if its board of directors withdraws (or amends or modifies in a manner adverse to LaBranche) its approval or recommendation of such proposal. The Cowen board of directors has approved and adopted resolutions directing that such proposal be submitted to Cowen stockholders for their consideration.

**Efforts to Complete the Merger**

LaBranche and Cowen have each agreed to:

promptly prepare, review and file all necessary documentation, effect all applications, notices, petitions and filings, obtain all permits, consents, approvals, clearances and authorizations of all

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third parties, governmental entities and regulatory agencies that are necessary or advisable to consummate the transactions contemplated by the merger agreement, including the merger and the Cowen stock issuance;

promptly inform each other of any oral or written communication received from, or given to, any governmental entity; and

furnish each other with copies of all correspondence, filings and written communications between them or their subsidiaries and any governmental entity or its staff with respect to the merger agreement or the merger;

Notwithstanding the foregoing, Cowen is not required under the merger agreement to agree to any terms, conditions or modifications (including having to cease, sell or otherwise dispose of any assets or business or to hold any such assets or business separate) with respect to obtaining any consents, permits, waiver, approvals, authorizations or orders in connection with the merger or the consummation of the transactions contemplated by the merger agreement that would result in, or reasonably be expected to result in, either individually or in the aggregate, a material adverse effect on Cowen and its subsidiaries, taken as a whole, or LaBranche and its subsidiaries, taken as a whole.

**Governance Matters After the Merger**

Cowen has agreed to take all action necessary (including increasing the number of directors that constitutes its board of directors) to provide that as of the effective time of the merger, the board of directors of Cowen will include George M.L. LaBranche, IV and Katherine Elizabeth Dietze.

**Employee Benefits Matters**

LaBranche and Cowen have agreed that, from the date of completion of the merger until the twelve-month anniversary of such date, Cowen will provide any employees of LaBranche and its subsidiaries who remain employed by Cowen or its affiliates with (i) base salary or hourly wage rates that, on an individual-by individual basis, are no less favorable than those provided to such employees immediately prior to the merger, and (ii) employee benefits that are the same as, or substantially comparable in the aggregate to, either (x) the employee benefits provided by the LaBranche and its subsidiaries to such employees immediately prior to the merger (other than benefits under any stock option or other equity-based plans) or (y) the employee benefits provided by Cowen and its affiliates to similarly situated employees during such twelve (12) month period. Additionally, if the employment of an employee of LaBranche or any of its subsidiaries is terminated by Cowen or any of its affiliates without "cause" during the twelve-month period immediately following the merger, Cowen will provide specified severance benefits to such terminated employee based on the employee's position and years of service, compensation and benefits that are no less favorable than the compensation and benefits provided to those employees immediately prior to the completion of the merger.

LaBranche and Cowen have also agreed that, with respect to those employees of LaBranche and its subsidiaries who continue to be employed by Cowen or its affiliates following completion of the merger:

for purposes of Cowen benefit plans in which the employees participate, service with LaBranche prior to the effective time of the merger will be treated as service with Cowen; and

for purposes of each Cowen benefit plan in which any such LaBranche employee or his or her eligible dependents is eligible to participate after the completion of the merger, Cowen will waive any pre-existing condition limitations and any waiting period limitations under welfare benefit plans, policies or practices of Cowen to the extent that such employees participated in the comparable welfare plan of LaBranche immediately prior to the merger and credit any deductibles, co-payment amounts and out-of-pocket expenses incurred by such employees and

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their beneficiaries and dependents during the portion of the plan year prior to participation in such benefit plans provided by Cowen.

Nothing in the merger agreement, however, will require Cowen to continue any specific plans or to continue the employment of any specific person following the completion of the merger.

**Indemnification and Insurance**

The merger agreement requires Cowen and Merger Sub LLC to jointly and severally indemnify any person who is now an officer or director of LaBranche, has been at any time prior to completion of the merger an officer or director of LaBranche or who was serving at the request of LaBranche as an officer or director of another corporation, joint venture or other enterprise, to the extent such person is indemnified, as of February 16, 2011, under LaBranche's organizational documents or indemnification agreements, if applicable. Cowen and Merger Sub LLC shall jointly and severally ensure that the organizational documents of Merger Sub shall contain provisions no less favorable with respect to indemnification, advancement of expenses and exculpation of present and former directors, officers, employees and agents of LaBranche than are presently set forth in the LaBranche organizational documents.

The merger agreement requires Cowen to cause Merger Sub LLC, as the surviving company, to maintain for a period of six years after completion of the merger LaBranche's current directors' and officers' liability insurance policies, or policies of at least the same coverage and amount and containing terms and conditions that are not less advantageous than the current policies, with respect to acts or omissions occurring prior to completion of the transactions. However, Merger Sub LLC, as the surviving company, is not required to incur an annual premium expense greater than 250% of the annual premiums currently paid by LaBranche. If Merger Sub LLC is unable to maintain a policy because the annual premium expense is greater than 250% of LaBranche's current annual directors' and officers' liability insurance premiums, Merger Sub LLC is obligated to obtain as much insurance as is available for the amount that is 250% of LaBranche's annual premiums. LaBranche may, with the prior written consent of Cowen, purchase a "tail" policy prior to the completion of the merger. If such a "tail policy" is purchased, LaBranche and Cowen, as the surviving company, shall have no further obligation to maintain LaBranche's current directors' and officers' liability insurance policies.

**Treatment of LaBranche Stock Options and Other Stock Awards**

Upon completion of the merger, each of the 230,000 outstanding options to purchase LaBranche common stock granted pursuant to the previously terminated Amended and Restated LaBranche & Co Inc. 1999 Equity Incentive Plan will be canceled for no consideration. LaBranche will also take all steps necessary to cause the LaBranche & Co Inc. 2010 Equity Incentive Plan to be terminated no later than the completion of the merger.

**Other Covenants and Agreements**

The merger agreement contains certain other covenants and agreements, including covenants relating to:

cooperation between LaBranche and Cowen in the preparation of this joint proxy statement/prospectus;

confidentiality and access by each party to certain information about the other party during the period prior to the effective time of the merger;



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neither party knowingly take any action or fail to take any action, which action or failure to act would cause the transactions to fail to qualify as a reorganization within the meaning of the Code;

each party's use of its reasonable best efforts to provide the officers' certificates as may be requested by its counsel and to obtain the opinion from its legal counsel that the transactions qualify as a reorganization within the meaning of the Code;

LaBranche's delivery to Cowen of a statement setting forth LaBranche's good faith calculation of the Company Consolidated Tangible Book Equity, calculated as of the delivery date, no later than five business days prior to effective time of the merger,

cooperation between LaBranche and Cowen in the defense or settlement of any shareholder litigation relating to the merger;

cooperation between LaBranche and Cowen in connection with public announcements;

LaBranche's agreement not to adopt or approve a shareholder rights plan unless it expressly does not apply (i) to Cowen or its affiliates or (ii) to the acquisition of LaBranche common stock by Cowen or its affiliates;

Cowen's use of its commercially reasonable efforts to cause the shares of Cowen Class A common stock issuable to LaBranche common stockholders in connection with the merger to be approved for quotation on the NASDAQ Global Market System; and

causing any dispositions of LaBranche common stock resulting from the merger and any acquisitions of Cowen Class A common stock resulting from the merger by each individual who may become subject to reporting requirements under the securities laws to be exempt from Section 16(b) of the Exchange Act.

**Conditions to Completion of the Merger**

The obligations of each of LaBranche and Cowen to effect the merger are subject to the satisfaction, or waiver, of the following conditions:

the approval and adoption of the merger agreement and approval of the merger by holders of a majority of the outstanding shares of LaBranche common stock at the LaBranche special meeting;

the approval of the Cowen stock issuance by holders of a majority of the outstanding shares of Cowen Class A common stock present in person or represented by proxy and entitled to vote thereon at the Cowen special meeting;

the absence of any order, injunction or regulation by a court or other governmental entity that makes illegal or prohibits the consummation of the merger, provided, however, this condition will not be available to any party whose failure to fulfill its obligations under the merger agreement regarding cooperation in preparing and filing all necessary documentation in connection with the receipt of all required third party and governmental entity consents and approvals as described under the section titled " Efforts to Complete the Merger";

the waiting period (and any extension thereof) applicable to the merger under the antitrust laws of the United States having expired or been earlier terminated;



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the shares of Cowen Class A common stock to be issued to LaBranche stockholders pursuant to the merger having been approved for quotation or listing on the NASDAQ Global Market System; and

the effectiveness of the registration statement of which this joint proxy statement/prospectus forms a part and the absence of a stop order or proceedings threatened or initiated by the SEC for that purpose.

In addition, the obligations of LaBranche to effect the merger are subject to the satisfaction, or waiver, of the following additional conditions:

the representations and warranties of Cowen relating to capital structure being true and correct in all respects (other than immaterial misstatements or omissions) as of the date of the merger agreement and as of the date of the closing of the merger (other than those representations and warranties that were made only as of an earlier date, which need only be true and correct as of that date);

the representations and warranties of Cowen relating to the absence of certain changes and events and the requisite stockholder vote being true and correct in all respects, as of the date of the merger agreement and as of the date of the closing of the merger (other than those representations and warranties that were made only as of an earlier date, which need only be true and correct as of that date);

all other representations and warranties of Cowen being true and correct both as of the date of the merger agreement and as of the date of the closing of the merger (other than those representations and warranties that were made only as of an earlier date, which need only be true and correct as of that date), other than where the failure of these representations and warranties to be true and correct (without giving effect to any materiality qualifications contained in such representations and warranties) does not have, and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on Cowen;

Cowen having performed or complied with, in all material respects, all its agreements and covenants under the merger agreement at or prior to the consummation of the merger;

receipt of a certificate executed by the chief executive officer and chief financial officer of Cowen certifying as to the satisfaction of the conditions described in the preceding four bullets;

the non-occurrence of any event or development having a material adverse effect on Cowen since February 16, 2011;

the receipt, and continued validity, of all required governmental entity consents and approvals, as well as the expiration of all statutory waiting periods in respect thereof; and

receipt of a written opinion from Weil, Gotshal & Manges, LLP to the effect that the merger and the second-step merger, taken together, will be treated as a "reorganization" within the meaning of Section 368(a) of the Code.

In addition, the obligations of Cowen to effect the merger are subject to the satisfaction, or waiver, of the following additional conditions:

LaBranche has, as of the business day immediately prior to the closing of the merger, (i) a Company Consolidated Tangible Book Equity Value (as such term is defined in the merger agreement) of at least \$193,000,000, (ii) a ratio of the aggregate value of the assets reflected on its unaudited balance sheet to its Company Consolidated Tangible Book Equity Value of no greater than 4.5:1, and (iii) assets reflected on its unaudited balance sheet of no more than \$920,000,000 in the aggregate;



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the representations and warranties of LaBranche relating to capital structure, other than the representations described in the preceding bullet, being true and correct in all respects (other than immaterial misstatements or omissions) as of the date of the merger agreement and as of the date of the closing of the merger (other than those representations and warranties that were made only as of an earlier date, which need only be true and correct as of that date);

the representations and warranties of LaBranche relating to the absence of certain changes and events and the requisite stockholder vote being true and correct in all respects, as of the date of the merger agreement and as of the date of the closing of the merger (other than those representations and warranties that were made only as of an earlier date, which need only be true and correct as of that date);

all other representations and warranties of LaBranche being true and correct both as of the date of the merger agreement and as of the date of the closing of the merger (other than those representations and warranties that were made only as of an earlier date, which need only be true and correct as of that date), other than where the failure of these representations and warranties to be true and correct (without giving effect to any materiality qualifications contained in such representations and warranties) does not have, and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on LaBranche;

LaBranche having performed or complied with, in all material respects, all its agreements and covenants under the merger agreement at or prior to the consummation of the merger;

receipt of a certificate executed by the chief executive officer and chief financial officer of LaBranche certifying as to the satisfaction of the conditions described in the preceding five bullets;

receipt of a written opinion from Willkie Farr & Gallagher LLP to the effect that the merger and the second-step merger, taken together, will be treated as a "reorganization" within the meaning of Section 368(a) of the Code;

the non-occurrence of any event or development having a material adverse effect on LaBranche since February 16, 2011; and

the receipt, and continued validity, of all required governmental entity consents and approvals, as well as the expiration of all statutory waiting periods in respect thereof.

**Termination of the Merger Agreement**

The merger agreement may be terminated at any time prior to the effective time of the merger, and, except as described below, whether before or after the receipt of the required stockholder approvals, under the following circumstances:

by mutual written consent of LaBranche and Cowen;

by either LaBranche or Cowen:

if the merger is not consummated by August 31, 2011; provided, however, that this right to terminate the merger agreement will not be available to any party whose failure to fulfill any obligation under the merger agreement has been the primary cause of the failure to close by the termination date;

if any governmental entity issues a final and nonappealable order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting or making illegal the consummation of the merger or any other transaction contemplated by the merger agreement, provided, that the party seeking to terminate pursuant to this right used

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its commercially reasonable efforts to remove such restraint or prohibition; and that this right to terminate the merger agreement will not be available to any party whose breach of any provision of the merger agreement results in the imposition of such order, decree or ruling or the failure of such order, decree or ruling to be resisted, resolved or lifted;

if the LaBranche stockholders fail to approve and adopt the merger agreement and approve the merger at the LaBranche special meeting;

if the Cowen stockholders fail to approve the Cowen stock issuance at the Cowen special meeting;

by Cowen (i) if prior to the LaBranche special meeting the board of directors of LaBranche withdraws (or amends or modifies in a manner adverse to Cowen) its approval or recommendation of the merger agreement or the merger, (ii) LaBranche fails to call or hold the LaBranche special meeting, or (iii) LaBranche intentionally and materially breaches any of its obligations under the merger agreement regarding third-party acquisition proposals as described under the section titled "The Merger Agreement No Solicitation of Alternative Proposals";

by LaBranche if (i) prior to the Cowen special meeting the board of directors of Cowen withdraws (or amends or modifies in a manner adverse to LaBranche) its approval or recommendation of the Cowen stock issuance, (ii) Cowen fails to call or hold the Cowen special meeting, or (iii) Cowen intentionally and materially breaches any of its obligations under the merger agreement regarding third-party acquisition proposals as described under the section titled "The Merger Agreement No Solicitation of Alternative Proposals";

by LaBranche upon a breach of any representation, warranty, covenant or agreement on the part of Cowen contained in the merger agreement such that the conditions to LaBranche's obligations to complete the merger are not satisfied and that either (i) the breach is not reasonably capable of being cured or (ii) in the case of a breach of a covenant or agreement, if such breach is reasonably capable of being cured, such breach has not been cured prior to the earlier of (a) 30 days following notice of such breach or (b) the termination date. However, LaBranche does not have this right to terminate the merger agreement if it is then in material breach of any of its representations, warranties, covenants or agreements contained in the merger agreement;

by Cowen upon a breach of any representation, warranty, covenant or agreement on the part of LaBranche contained in the merger agreement such that the conditions to Cowen's obligations to complete the merger are not satisfied and that either (i) the breach is not reasonably capable of being cured or (ii) in the case of a breach of a covenant or agreement, if such breach is reasonably capable of being cured, such breach has not been cured prior to the earlier of (a) 30 days following notice of such breach or (b) the termination date. However, Cowen does not have this right to terminate the merger agreement if it is then in material breach of any of its representations, warranties, covenants or agreements contained in the merger agreement;

by LaBranche if, concurrently, it (i) enters into a definitive agreement with respect to a superior proposal after complying with its applicable obligations under the merger agreement regarding third-party acquisition proposals as described under the section titled "The Merger Agreement No Solicitation of Alternative Proposals", and (ii) pays Cowen a termination fee of \$6,250,000.

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**Termination Fees and Expenses; Liability for Breach**

LaBranche will be obligated to pay a termination fee of \$6,250,000 to Cowen if:

Cowen terminates the merger agreement because prior to the LaBranche special meeting, the board of directors of LaBranche withdraws, or modifies or amends in an adverse manner, its approval or recommendation of the merger agreement or the merger;

Cowen terminates the merger agreement because LaBranche fails to call or hold the LaBranche special meeting in accordance with the terms of the merger agreement;

either LaBranche or Cowen terminates the merger agreement because (i) the merger is not completed prior to August 31, 2011 or (ii) the required vote of LaBranche stockholders is not obtained, and, in each case, (a) at or prior to such event, an acquisition proposal with respect to more than 50% of the stock or assets of LaBranche was made known or proposed to LaBranche or otherwise publicly disclosed and (b) within 12 months after such termination LaBranche enters into an agreement with respect to that acquisition proposal;

Cowen terminates the merger agreement because of LaBranche's intentional and material breach of its material non-solicitation restrictions and (a) at or prior to such event, an acquisition proposal with respect to more than 50% of the stock or assets of LaBranche was made known or proposed to LaBranche or otherwise publicly disclosed and (b) within 12 months after such termination LaBranche enters into an agreement with respect to that acquisition proposal; or

LaBranche terminates the agreement to concurrently enter into a definitive agreement with respect to a superior proposal.

In the case of the third and fourth bullets above, the amount of the termination fee payable will be offset by any previous payment by LaBranche of Cowen's fees and expenses, as described below.

LaBranche would be required to pay Cowen's actual and reasonably documented out-of-pocket fees and expenses (up to \$1,500,000) if the merger agreement is terminated by (i) either LaBranche or Cowen because the required vote of LaBranche stockholders is not obtained or (ii) Cowen because LaBranche has breached any of its representations, warranties, covenants or agreements, such that the conditions to Cowen's obligations to complete the merger would not be satisfied unless the breach is capable of being, and is, cured within thirty days of notice of the breach.

Cowen will be obligated to pay a termination fee of \$6,250,000 to LaBranche if:

either LaBranche or Cowen terminates the merger agreement because (i) the merger is not completed prior to August 31, 2011 or (ii) the required vote of Cowen stockholders is not obtained, and, in each case, (a) at or prior to such event, an acquisition proposal with respect to more than 50% of the stock or assets of Cowen was made known or proposed to Cowen or otherwise publicly disclosed and (b) within 12 months after such termination Cowen enters into an agreement with respect to that acquisition proposal;

LaBranche terminates the merger agreement because of Cowen's intentional and material breach of its material non-solicitation restrictions and (a) at or prior to such event, an acquisition proposal with respect to more than 50% of the stock or assets of Cowen was made known or proposed to Cowen or otherwise publicly disclosed and (b) within 12 months after such termination Cowen enters into an agreement with respect to that acquisition proposal;



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LaBranche terminates the merger agreement because prior to the Cowen special meeting, the board of directors of Cowen withdraws, or modifies or amends in an adverse manner, its approval or recommendation of the Cowen stock issuance; or

LaBranche terminates the merger agreement because Cowen fails to call or hold the Cowen special meeting in accordance with the terms of the merger agreement.

In the case of first or second bullet above, the amount of the termination fee payable will be offset by any previous payment by Cowen of LaBranche's fees and expenses, as described below.

Cowen would be required to pay LaBranche's actual and reasonably documented out-of-pocket fees and expenses (up to \$1,500,000) if the merger agreement is terminated by (i) either LaBranche or Cowen because the required vote of Cowen stockholders is not obtained or (ii) LaBranche because Cowen has breached any of its representations, warranties, covenants or agreements, such that the conditions to LaBranche's obligations to complete the merger would not be satisfied unless the breach is capable of being, and is, cured within thirty days of notice of the breach.

Except as discussed above, each party shall pay all fees and expenses incurred by it in connection with the merger and the other transactions contemplated by the merger agreement provided, however that LaBranche and Cowen will share equally all fees and expenses in relation to the printing, filing and distribution of this joint proxy statement/prospectus.

Each party will have the right to pursue damages and other relief for the other party's willful breach of any of its representations and warranties in the merger agreement or willful breach of any covenant in the merger agreement.

**Amendments, Extensions and Waivers**

The merger agreement may be amended by the parties at any time before or after the receipt of the approvals of the LaBranche or Cowen stockholders required to consummate the merger. However, after any such stockholder approval, there may not be, without further approval of Cowen stockholders or LaBranche stockholders, as applicable, any amendment of the merger agreement for which applicable law requires further stockholder approval.

At any time prior to the effective time of the merger, any party may (i) extend the time for performance of any obligations or other acts of the other party, (ii) waive any inaccuracies in the representations and warranties of the other party contained in the merger agreement and (iii) waive compliance by the other party with any of the agreements or conditions contained in the merger agreement.

**No Third Party Beneficiaries**

While the merger agreement is not intended to confer upon you or any person other than LaBranche, Cowen and Merger Sub any rights or remedies, it provides limited exceptions. LaBranche's directors and officers will continue to have indemnification and liability insurance coverage after the completion of the merger.

**Specific Performance**

LaBranche and Cowen agreed in the merger agreement that irreparable damage would occur in the event that any of the provisions of the merger agreement were not performed in accordance with their specific terms or were otherwise breached, and that no adequate remedy at law would exist for such occurrence. The parties agreed that they shall be entitled to seek an injunction or injunctions to prevent breaches of the merger agreement and to enforce specifically the performance of terms and provisions of the merger agreement without proof of actual damages. The parties further agreed not to assert that a remedy at law would be adequate.

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**VOTING AGREEMENTS**

**LaBranche Voting Agreement**

Concurrently with the execution of the merger agreement, George M.L. LaBranche, IV (Chairman, Chief Executive Officer and President of LaBranche), Alfred O. Hayward, Jr. (Executive Vice President of LaBranche) and William J. Burke, III (Chief Operating Officer of LaBranche) entered into a voting agreement with Cowen (which we refer to as the LaBranche voting agreement). Pursuant to the LaBranche voting agreement, each of these individuals agreed, among other things, to vote the shares of LaBranche common stock held by them:

in favor of approval and adoption of the merger agreement and approval of the merger;

against any action or agreement that has or would be reasonably likely to result in any conditions to LaBranche's obligations to effect the merger not being satisfied;

against any other acquisitions proposal with respect to LaBranche;

against any amendments to the organizational documents of LaBranche if such amendment would reasonably be expected to prevent or delay the closing of the merger; and

against any action or agreement that is intended or would reasonably be expected to impede, interfere with, delay or postpone of the merger or change in any manner the voting rights of any class of capital stock of LaBranche.

The individuals who have entered into the LaBranche voting agreement beneficially owned in the aggregate 5,123,438 shares of LaBranche common stock as of February 16, 2011, which represented approximately 12.5% of the outstanding shares of LaBranche common stock as of such date. In addition, Messrs. LaBranche and Hayward have agreed to direct the parties to the LaBranche stockholders' agreement, to vote all of their shares in favor of approval and adoption of the merger agreement and approval of the merger. Collectively, at the close of business for the record date for the LaBranche special meeting, Messrs. LaBranche, Burke and Hayward and the other LaBranche stockholders party to the LaBranche stockholders' agreement held approximately 14.7% of the outstanding shares of LaBranche common stock. Additionally, the individuals who have entered into the LaBranche voting agreement agreed to grant an irrevocable proxy to Cowen to enforce the LaBranche Voting Agreement (which we refer to as the LaBranche Proxy). The LaBranche voting agreement and the LaBranche Proxy will automatically terminate upon the first to occur of (a) the effective time of the merger, (b) an adverse change by the board of directors of LaBranche of its recommendation of the merger, in accordance with the terms of the merger agreement, or (c) the termination of the merger agreement.

The foregoing discussion of the LaBranche voting agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the LaBranche voting agreement, which is attached as Exhibit 4.1 to the Form 8-K filed by Cowen on February 17, 2011 and is incorporated herein by reference.

**RCG Holdings LLC Voting Agreement**

In connection with the execution of the merger agreement, LaBranche entered into a voting agreement, dated as of February 16, 2011, by and between LaBranche and RCG Holdings (which we refer to as the RCG voting agreement). Pursuant to the terms of the RCG voting agreement, RCG Holdings agreed, among other things, to vote all of its shares of Cowen Class A common stock (representing approximately 44.5% of the outstanding shares of Cowen Class A common stock as of February 16, 2011):

in favor of the Cowen stock issuance;

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against any action or agreement that has or would be reasonably likely to result in any conditions to Cowen's obligations to effect the merger not being satisfied;

against any acquisition proposal with respect to Cowen;

against any amendments to the organizational documents of Cowen if such amendment would reasonably be expected to prevent or delay the closing of the merger; and

against any action or agreement that is intended or would reasonably be expected to impede, interfere with, delay or postpone of the merger or change in any manner the voting rights of any class of capital stock of Cowen.

At the close of business for the record date of the Cowen special meeting, RCG held approximately 43.1% of the issued and outstanding Cowen Class A common stock.

Additionally, RCG Holdings LLC agreed to grant an irrevocable proxy to LaBranche to enforce the foregoing RCG voting agreement (which we refer to as the RCG Proxy). The RCG voting agreement and the RCG Proxy will automatically terminate upon the first to occur of (a) the effective time of the merger, (b) an adverse change by the board of directors of Cowen of its recommendation of the merger, in accordance with the terms of the merger agreement, or (c) the termination of the merger agreement.

The foregoing description of the transactions contemplated the RCG voting agreement is not, and does not purport to be, complete and is qualified in its entirety by reference to the RCG Voting Agreement, a copy of which is attached as Exhibit 10.1 to LaBranche's Form 8-K filed on February 18, 2011 and is incorporated herein by reference.

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**MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES**

*The following discussion is a general summary of the material U.S. federal income tax consequences of the exchange of shares of LaBranche common stock for shares of Cowen Class A common stock in the merger and the second-step merger, taken together.*

The following discussion does not address any aspects of U.S. taxation other than federal income taxation. This discussion does not address any non-income or other taxes or any foreign, state or local tax consequences of the merger and second-step merger.

**WE URGE YOU TO CONSULT YOUR OWN TAX ADVISOR AS TO THE SPECIFIC TAX CONSEQUENCES TO YOU OF THE MERGER AND SECOND-STEP MERGER, INCLUDING THE APPLICABILITY AND EFFECT OF FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX LAWS IN LIGHT OF YOUR PARTICULAR CIRCUMSTANCES.**

This discussion addresses only holders of LaBranche common stock who hold that stock as a capital asset and are "U.S. persons," as defined for U.S. federal income tax purposes. For these purposes a "U.S. person" is:

an individual citizen or resident of the United States;

a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust that (i) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

This discussion does not address all aspects of U.S. federal income taxation that may be relevant to a holder of common stock in light of that holder's particular circumstances or to a holder subject to special rules (such as a controlled foreign corporation, passive foreign investment company, company that accumulates earnings to avoid U.S. federal income tax, foreign tax-exempt organization, financial institution, broker or dealer in securities, insurance company, mutual fund, foreign holder, person subject to the alternative minimum tax, regulated investment company, real estate investment trust, person who holds LaBranche common stock as part of a hedging or conversion transaction or as part of a short-sale or straddle, or through a partnership or other pass-through entity for U.S. federal income tax purposes or a person who acquired LaBranche common stock pursuant to the exercise of an option or otherwise as compensation). This discussion is based on the Code, applicable Treasury regulations, administrative interpretations and court decisions, each as in effect as of the date of this joint proxy statement/prospectus and all of which are subject to change, possibly with retroactive effect.

If a partnership (or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds LaBranche common stock, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partners of partnerships holding LaBranche common stock should consult their own tax advisors.

**The Merger**

As noted, the merger will be immediately followed by the second-step merger. In this discussion of "Material U.S. Federal Income Tax Consequences," unless otherwise indicated the two mergers, taken together, are referred to as the "transaction."

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As a condition to the completion of the merger, each of Willkie Farr & Gallagher LLP, tax counsel to Cowen, and Weil, Gotshal & Manges LLP, tax counsel to LaBranche, will deliver an opinion, dated as of the closing date of the merger, that the merger and the second-step merger, taken together, will be treated for U.S. federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Code and that each of LaBranche and Cowen will be a party to the reorganization within the meaning of Section 368(b) of the Code. Neither Cowen nor LaBranche intends to waive this condition.

The opinions regarding the transaction will be based on certain assumptions and representations as to factual matters from LaBranche and Cowen, as well as certain covenants and undertakings made by LaBranche and Cowen to each other. If any of the assumptions, representations, covenants or undertakings is incorrect, incomplete, inaccurate or is violated, the validity of the conclusions reached by counsel in their opinions could be jeopardized and the tax consequences of the transaction could differ materially from those described in this joint proxy statement/prospectus. Neither Cowen nor LaBranche is currently aware of any facts or circumstances that would cause the assumptions, representations, covenants and undertakings to be incorrect, incomplete, inaccurate or violated.

An opinion of counsel represents counsel's legal judgment but is not binding on the IRS or any court, so there can be no certainty that the IRS will not challenge the conclusions reflected in the opinions or that a court would not sustain such a challenge. Neither Cowen nor LaBranche intends to obtain a ruling from the IRS on the tax consequences of the transaction. If the IRS were to successfully challenge the "reorganization" status of the transaction, the tax consequences would be very different from those set forth in this joint proxy statement/prospectus.

Based on those opinions, in the event that the transaction is treated for U.S. federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Code, the U.S. federal income tax consequences of the transaction are as follows:

***Consequences to LaBranche, Cowen, Merger Sub and Merger Sub LLC***

Each of LaBranche and Cowen will be a party to the reorganization within the meaning of Section 368(b) of the Code. None of LaBranche, Cowen, Merger Sub or Merger Sub LLC will recognize any gain or loss for U.S. federal income tax purposes as a result of the transaction.

***Consequences to U.S. Holders***

For U.S. holders of LaBranche common stock receiving Cowen Class A common stock in the transaction treated as a reorganization under Section 368(a) of the Code, the following will apply:

a holder of LaBranche common stock will not recognize any gain or loss upon the exchange of the holder's shares of LaBranche common stock for shares of Cowen Class A common stock in the merger, except with respect to cash received in lieu of fractional shares of Cowen Class A common stock as described below;

a holder of LaBranche common stock will have a tax basis in the Cowen Class A common stock received in the merger equal to the tax basis of the LaBranche common stock surrendered by the holder in exchange for that Cowen Class A common stock in the merger; and

a holder of LaBranche common stock will have a holding period for shares of Cowen Class A common stock received in the merger (including shares deemed received and redeemed as described below) that includes its holding period for its shares of LaBranche common stock surrendered by the holder in exchange for that Cowen Class A common stock in the merger.

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***Cash in Lieu of Fractional Shares***

No fractional shares of Cowen Class A common stock will be distributed to holders of LaBranche common stock in connection with the merger. A holder that receives cash in lieu of a fractional share of Cowen Class A common stock as a part of the merger will be treated as if the holder received a fractional share of Cowen Class A common stock in the merger, and then Cowen redeemed the fractional share in exchange for the cash the holder received in lieu of a fractional share, and accordingly, will generally recognize capital gain or loss. An individual U.S. holder will generally be subject to U.S. federal income tax at a reduced rate with respect to such capital gain, assuming that the U.S. holder has held all of its LaBranche common stock for more than one year at the effective time of the merger.

***Backup Withholding***

Backup withholding, currently at a rate of 28%, may apply with respect to certain payments, such as cash received for fractional shares, unless the holder of the LaBranche common stock receiving such a payment (i) is an exempt holder (generally, a corporation, tax-exempt organization, qualified pension or profit-sharing trust, individual retirement account, or nonresident alien individual who or which, when required, certifies as to his, her or its status) or (ii) provides a certificate containing the holder's name, address, correct federal taxpayer identification number and a statement that the holder is a U.S. person and is not subject to backup withholding. Backup withholding does not constitute an additional tax, but is merely an advance payment that may be credited against a holder's U.S. federal income tax liability if the required information is timely supplied to the IRS.

***Reporting Requirements***

Each holder of LaBranche common stock who receives shares of Cowen Class A common stock in the merger is required to retain records pertaining to the transaction pursuant to Treasury Regulation Section 1.368-3(d). Each holder of LaBranche common stock who receives shares of Cowen Class A common stock in the merger and who owns immediately before the merger 5% or more, by vote or value, of LaBranche stock will be required to file a statement with his or her federal income tax return for the year of the merger. As provided in Treasury Regulations Section 1.368-3(b), the statement must set forth the holder's basis in, and the fair market value of, the shares of LaBranche common stock surrendered in the merger, the date of the transaction and the name and employer identification number of LaBranche and Cowen.

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**ACCOUNTING TREATMENT**

Cowen prepares its financial statements in accordance with GAAP. The merger will be accounted for using the acquisition method of accounting. Cowen will allocate the purchase price to the fair value of LaBranche's tangible and intangible assets and liabilities at the acquisition date, with the excess/shortfall purchase price being recorded as goodwill/gain on bargain purchase. Under the acquisition method of accounting, goodwill is not amortized but is tested for impairment at least annually.

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**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

The unaudited pro forma condensed combined statement of financial condition as of December 31, 2010 gives effect to the merger as if it had been completed on December 31, 2010 and includes all adjustments which give effect to the events that are directly attributable to the merger and that are factually supportable. The unaudited pro forma condensed combined statement of operations for the fiscal year ended December 31, 2010, gives effect to the merger as if it was completed on January 1, 2010, and includes all adjustments which give effect to the events that are directly attributable to the merger, as long as the impact of such events are expected to continue and are factually supportable. The unaudited pro forma condensed combined financial data shown under this heading and the accompanying notes should be read together with:

the accompanying notes to the unaudited pro forma condensed combined financial statements;

the separate audited historical financial statements of Cowen as of and for the fiscal year ended December 31, 2010 contained in its Annual Report on Form 10-K for the year ended December 31, 2010, which are incorporated by reference into this document.

the separate audited historical financial statements of LaBranche as of and for the fiscal year ended December 31, 2010 contained in its Annual Report on Form 10-K for the year ended December 31, 2010, which are incorporated by reference into this document.

The merger will be treated under the acquisition method for accounting purposes. In this case, the merger will be accounted for as an acquisition by Cowen of LaBranche. As such, LaBranche's assets acquired and liabilities assumed will be recorded at their fair value. The fair value of Cowen shares issued to LaBranche stockholders is the purchase consideration in the merger. The purchase consideration for LaBranche under the acquisition method is based on the stock price of Cowen on the closing date of the merger multiplied by the number of shares issued by Cowen to the LaBranche stockholders. The preliminary allocation of the purchase price is based on the closing price on March 29, 2011 of \$4.13 per share of Cowen Class A common stock and 40,850,133 shares of Cowen stock expected to be issued upon closing of the merger. Because the number of common shares of LaBranche issued and outstanding on the date of merger may differ from the number used in these pro forma condensed combined financial statements, the number of Cowen stock to be issued to LaBranche stockholders may also change.

The unaudited pro forma condensed combined financial statements are presented for informational purposes only. The unaudited pro forma information is not necessarily indicative of what the combined company's financial position or results of operations actually would have been had the merger been completed as of the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the combined company.

The unaudited pro forma condensed combined financial statements have been prepared using the acquisition method of accounting under GAAP which is subject to change and interpretation. Cowen has been treated as the acquirer in the merger for accounting purposes. The acquisition accounting is dependent on the final determination of the purchase price, which will be based on the Cowen stock price at the closing of the merger, and certain valuations and other studies that have yet to commence or progress to a stage where there is sufficient information for definitive measurement. Accordingly, the pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed combined financial information. Differences between these preliminary estimates, including the estimates of the purchase consideration and allocation of purchase price to LaBranche's identifiable assets and liabilities, including intangible assets, and the final acquisition accounting will occur and these differences could have a material impact on the accompanying unaudited pro forma condensed combined financial statements and the combined company's future results of operations and financial position.

The unaudited pro forma condensed combined financial information does not reflect any cost savings, operating synergies or revenue enhancements that Cowen may achieve as a result of the merger, the costs to integrate the operations of Cowen and LaBranche or the costs necessary to achieve these cost savings, operating synergies and revenue enhancements.



Table of Contents**Unaudited Pro Forma Condensed Combined Statement of Financial Condition**

At December 31, 2010

	Historical Cowen	LaBranche	Pro Forma Adjustments	Combined Company
	(in thousands)			
<b>Assets</b>				
Cash and cash equivalents	\$ 36,354	\$ 85,956	\$	\$ 122,310
Segregated cash	8,633	1,727		10,360
Securities owned, at fair value	474,095	1,013,914		1,488,009
Securities purchased under agreements to resell	97,755			97,755
Other investments	40,320			40,320
Receivable from brokers, dealers and clearing organizations	95,937	169,717		265,654
Fees receivable	31,688			31,688
Due from related parties	16,370			16,370
Fixed assets, net	36,591	9,983		46,574
Goodwill	27,179			27,179
Intangible assets, net	12,754		4,350(a)	17,104
Other assets	19,456	11,466		30,922
<i>Consolidated Funds:</i>				
Cash and cash equivalents	7,210			7,210
Securities owned, at fair value	8,722			8,722
Other investments, at fair value	333,374			333,374
Other assets	732			732
<b>Total assets</b>	<b>1,247,170</b>	<b>1,292,763</b>	<b>4,350</b>	<b>2,544,283</b>
<b>Liabilities, and Stockholders' Equity</b>				
Securities sold, not yet purchased, at fair value	197,916	817,782		1,015,698
Securities sold under agreements to repurchase	192,165			192,165
Payable to brokers, dealers and clearing brokers	85,655	254,419		340,074
Fees payable	8,797			8,797
Due to related parties	9,187			9,187
Accrued compensation	76,204	5,083		81,287
Accounts payable, accrued expenses and other liabilities	42,267	7,615	8,357(b)	58,239
Short-term borrowings and other debt	31,733			31,733
<i>Consolidated Funds:</i>				
Capital withdrawals payable	7,817			7,817
Accounts payable, accrued expenses and other liabilities	1,827			1,827
<b>Total liabilities</b>	<b>653,568</b>	<b>1,084,899</b>	<b>8,357</b>	<b>1,746,824</b>
Redeemable noncontrolling interests	144,346			144,346
<b>Stockholders' equity</b>				
Total stockholders' equity	449,256	207,864	(4,007)(c)	653,113
<b>Total liabilities and Stockholders' equity</b>	<b>\$ 1,247,170</b>	<b>\$ 1,292,763</b>	<b>\$ 4,350</b>	<b>\$ 2,544,283</b>

See accompanying notes to unaudited pro forma condensed combined financial statements.  
Please refer to Note 3 for pro forma adjustments.

Table of Contents**Unaudited Pro Forma Condensed Combined Statement of Operations****Twelve Months Ended December 31, 2010**

	Historical		Pro Forma	Combined
	Cowen	LaBranche	Adjustments	Company
	(in thousands, except per share data)			
<b>Revenues</b>				
Management fees	\$ 38,847	\$	\$	\$ 38,847
Interest and dividends	11,547	1,970	(1)(d)	13,516
Reimbursement from affiliates	6,816			6,816
Investment banking	38,965			38,965
Brokerage	112,217	12,101	(12,101)(d)	112,217
Other	1,936	950	(752)(d)	2,134
<i>Consolidated Funds</i>	12,119			12,119
<b>Total revenues</b>	<b>233,810</b>	<b>15,021</b>	<b>(12,854)</b>	<b>235,977</b>
<b>Operating expenses</b>				
Employee compensation and benefits	194,919	27,117	(9,342)(d)	212,694
Interest and dividends	8,971	16,341		25,312
Professional, advisory and other fees	14,547	3,964		18,511
Communications	13,972	9,165	(2,788)(d)	20,349
Occupancy and equipment	18,119	3,614	(769)(e)	20,964
Floor brokerage and trade execution	17,143	14,789	(2,458)(d)	29,474
Service fees	15,814			15,814
Depreciation and amortization	11,543	1,925	775(d),(f)	14,243
Client services, marketing and business development	14,470			14,470
Other	22,323	13,222	(4,022)(d)	31,523
<i>Consolidated Funds</i>	8,121			8,121
<b>Total expenses</b>	<b>339,942</b>	<b>90,137</b>	<b>(18,604)</b>	<b>411,475</b>
<b>Other income (loss)</b>				
Net gains on securities, derivatives and other investments	21,980	29,769	251(d)	52,000
<i>Consolidated Ramius Funds net realized and unrealized losses</i>	31,062			31,062
<b>Total other income (loss)</b>	<b>53,042</b>	<b>29,769</b>	<b>251</b>	<b>83,062</b>
<b>Income(loss) before taxes</b>	<b>(53,090)</b>	<b>(45,347)</b>	<b>6,001</b>	<b>(92,436)</b>
Income tax (benefit) expense	(21,400)	20,677	(d)	(723)
<b>Net income(loss)</b>	<b>(31,690)</b>	<b>(66,024)</b>	<b>6,001</b>	<b>(91,713)</b>
Income (loss) attributable to redeemable noncontrolling interests in consolidating subsidiaries	13,727			13,727
<b>Net income(loss) attributable to stockholders</b>	<b>\$ (45,417)</b>	<b>\$ (66,024)</b>	<b>\$ 6,001</b>	<b>\$ (105,440)</b>
Pro forma Net Income (Loss) Per Share				
Basic				